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A Wireless Project That's Out of This World

By Edmund L. Andrews
New York Times Service

WASHINGTON — Two of America's wealthiest entrepreneurs in communications and computers, Craig O. McCaw and William H. Gates, on Monday announced the formation of a company to develop a global satellite communications network far more ambitious than anything contemplated before.

Indeed, the project is so big and so radically different from current satellite systems that it might be dismissed as an idle fantasy were it not for the two people behind it: Mr. McCaw, who built McCaw Cellular Communications into the largest cellular telephone company in the industry, and Mr. Gates, who turned Microsoft Corp. into the biggest software company in the world.

Even for businessmen with their records, the task is daunting. Their new company, Teledesic Corp., based in Kirkland, Washington, is proposing to build a \$9 billion system with 840 small satellites.

The network would transport information ranging from

ordinary telephone calls to high-resolution computerized medical images and two-way video conferences to and from virtually any spot on the planet.

As envisioned, the system would be able to deliver almost as many services as the new fiber-optic networks being built by many telephone companies. But it would be able to reach undeveloped and rural areas that are typically cut off from advanced communications.

The real promise of this system is to bring access for rural and remote areas of the world to the health and education services that you can get in major urban centers," Russell Daggart, president of Teledesic, said.

Mr. Daggart, a telecommunications lawyer who has worked closely with McCaw Cellular, will be leading a project that has been under secret development by Mr. McCaw and Mr. Gates for three years.

In a filing with the Federal Communications Commission on Monday, the company outlined the system and requested permission to begin construction with a view to providing service by 2001.

Some industry analysts cautioned that it would be premature to dismiss the concept simply because of its extraordinary scale. Indeed, Motorola Corp. has defied many skeptics in its effort to build a \$3.3 billion satellite telephone system called Iridium that would use 66 spacecraft.

"Iridium seemed like a wild idea, too, but Motorola has been able to raise \$800 million," said Richard Shaffer, a principal at Technologic Partners, a New York firm that tracks the computer and communications industry. "It's a big idea, but Craig McCaw got where he is today because he had a big idea about cellular telephones and he pursued it when skeptics said he was going too far."

Right now, the plan is still little more than a vision. Aside from the tiny fraction that Mr. McCaw and Mr. Gates have personally contributed so far, the company has yet to raise any of the construction and launch money it will need.

The plan depends on signing up big corporate partners from around the world, which might include state-owned

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Clinton Will Send Missiles to Seoul

UN Expected to Opt for New Appeal As Crisis Grows Over Nuclear Issue

By Barry James
International Herald Tribune

President Bill Clinton said Monday that he had agreed to deploy Patriot anti-missile batteries in South Korea, and the United States announced that plans for war games on the peninsula were revived, putting new pressure on North Korea to open its suspect nuclear sites for international inspection.

Mr. Clinton, who was in Florida to promote his health plan, said that the deployment of the Patriot missiles was a "purely defensive" response to the crisis caused by the North's refusal to open all its nuclear plants to international inspection, feeding suspicions that it is building a nuclear bomb.

The United States and South Korea also said they would reconsider whether to resume preparations for the military exercises known as Team Spirit, which North Korea has condemned as a preparation for war. The exercises were suspended in the hope of coaxing the North into allowing full inspections of its nuclear plants.

The moves were designed to allow more time for a diplomatic solution, administration officials said. They said the administration wanted to show China, Japan and South Korea that it was doing everything possible to settle the dispute without a confrontation.

The Patriot missiles, for instance, will be sent to South Korea by sea, a voyage that could take 30 to 45 days. And while the administration has begun to work on a United Nations resolution to apply fresh economic penalties to North Korea, the first move will be only a warning.

North Korea, accusing the United States of strong-arm tactics and saying it had no nuclear secrets to hide, threatened to pull out of the Nuclear Nonproliferation Treaty, the 1970 accord to limit the spread of nuclear weapons.

In Vienna, the International Atomic Energy Agency on Monday referred the North's refusal to comply with the treaty to the United Nations Security Council.

Fearing a Chinese veto, the United States stopped short of pushing for economic sanctions against North Korea on Monday, and instead began a drive in the Security Council for another appeal to Pyongyang to cooperate.

The chief U.S. delegate to the United Nations, Madeleine K. Albright, said the United

States had drafted a resolution calling on North Korea to allow the inspections.

"This is not a sanctions resolution," she said. "This is one which really calls on them to return to an inspections regime."

The threat of sanctions could be made in a second resolution if the first fails to persuade the North Koreans to cooperate, diplomats said.

The Chinese are likely to support or at least abstain in a vote on a resolution that stops short of sanctions, but they did not state their position in Monday's Security Council meeting.

North Korea's threat to pull out of the non-proliferation treaty came on the day that it was to have met in Geneva with American envoys to resolve the crisis. Washington called off the talks because of Pyongyang's refusal to fully disclose its nuclear plans.

Mr. Clinton said: "We have agreed that it is in our national interests and the interest of the people of South Korea and the security of our armed forces there to proceed with the Patriot deployment. So we will do that."

He did not disclose the dates of the deployments or the numbers of Patriot units involved. "I want to emphasize that this decision on the Patriots is purely defensive in nature," he said.

Patriot missiles were used in 1991 during the Gulf War to defend Israel and Saudi Arabia against Iraqi Scud missiles.

In South Korea, President Kim Young Sam said the missiles would be deployed around U.S. military bases and other key sites "as soon as possible," a spokesman said.

South Korea also said it would discuss resuming preparations for the Team Spirit maneuvers with the United States. The exercises were suspended March 3 on the condition that North Korea allow inspection of its nuclear sites. President Kim said he would decide whether to go ahead with the exercises at the end of this month, after returning from trips to Japan and China.

Secretary of State Warren M. Christopher, referring to the joint exercises, said in Washington: "Now that the negotiations are at an impasse, I can tell you we'll be talking to the South Koreans about reconstituting them and doing it in the very near future."

The atomic energy agency's governing board

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THREATENING — South African police near Durban taking aim at people Monday after a boy was killed by gunfire. Throughout Natal Province, 34 people were killed. Page 2.

A Worldwide Oil Hunt Leads to China's Savage Sands

By Steven Mufson and Steve Coll
Washington Post Service

BEIJING — Out beyond Outer Mongolia, a long day's drive past sheer mountain peaks, yet another day's journey across a swamp where an explorer would sink to the waist, there lies a forbidding wasteland whose name in the local Uighur tongue means "you can get in, but not out."

This is where travelers along the ancient silk route had to detour — there was no way

through. Sand dunes tower as high as 75-story buildings. Temperatures plunge below zero Fahrenheit (minus 17.8 centigrade) in winter and soar to 120 degrees in summer. It is a landscape so desolate, said Galen Cobb of Halliburton Co., a Dallas-based oil services company, "it looks like you're on the moon."

Yet lately Halliburton and scores of other foreign oil prospectors have been trekking to the Tarim Basin, as it is called. Their surveying equipment disappears in shifting sands. Bulldozed roads vanish. Still, they press on. Wang

Tao, president of the Chinese National Petroleum Corp., said, "We do not fear hardships."

Not when such riches beckon. Some oil specialists believe the Tarim Basin may hold nearly as much oil as Saudi Arabia. For 45 years, the basin has been sealed off to foreigners by a Communist Chinese government proud of its self-sufficiency and hostile to Western capitalism. Now Beijing has done an about-face, deciding that the only way to profit from Tarim's treasure is with Western technology and Western money.

China's turnaround in Tarim is part of a momentous opening of the global economy, the biggest reorganization of world economic activity since the cataclysms of World War I and World War II.

With the Cold War's demise, international capitalism, in the form of free domestic markets and open borders to trade and investment, has become the closest thing to a guiding ideology throughout the world. With its spread has come

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The Dual-Justice System Settlers Are Governed by Israeli Law, But Arabs Answer to Military Rulers

By David Hoffman
Washington Post Service

HEBRON, Israeli-Occupied West Bank — In the last few days, Rabbi Moshe Levinger and the Zemarya brothers took a trip through Israel's justice system. But they went in very different directions.

Mohammed Zemarya, 20, and his brother, Raed, 19, were accused of throwing stones at Israeli cars. When their turn came before Israel's military court in Hebron, no witnesses showed up. Their lawyer gave them two options: Accept a three-month sentence immediately, without a trial, or wait in detention for the witnesses and probably get a year in prison. They took three months.

The day before, Rabbi Levinger, 59, a pioneer of the militant Jewish settlement movement in Hebron, was charged with disobeying an order from the army almost two years ago. Although he claims a biblical right to live in Hebron, he did not go to the same military courtroom as the Zemarya brothers.

Rabbi Levinger went to Jerusalem, inside Israel's pre-1967 borders. He appeared in magistrate's court under rules set by Israel's criminal code and was freed on bail the same day, with a trial date set for next month. He walked

out of the courtroom and acknowledged that he may have violated the law.

"In every democratic state, people demonstrate," he said. "Perhaps some of my demonstrations were also a little bit against the law."

The separate treatment of Rabbi Levinger and the Palestinian brothers underscores one of the most enduring legacies of Israel's quarter-century occupation of the West Bank and Gaza Strip. Since Israeli Jews began settling the rocky spine of mountains in the West Bank and the sandy dunes of Gaza after the 1967 war, Israel has created a dual system of rules, laws and procedures based on nationality: one for Arabs and one for Jews.

As Israel built 144 Jewish settlements across the territories, it also sought to protect the Jewish residents who lived there. They were put inside a legal, social and economic bubble and offered the same rights and privileges as Jews who had never left Tel Aviv. The Arabs were excluded from this system and were governed instead by Israel's military occupation.

When the militant Jewish settler, Dr. Baruch Goldstein, walked into the Tomb of the Patriarchs in Hebron on Feb. 25 to carry out the mass murder of Muslims at prayer, he was in many ways still shielded by this bubble. And questions raised in the aftermath of his massacre of at least 29 Palestinians have cast light on the dual system.

According to testimony given to the five-man commission under the president of the Supreme Court, Meir Shamgar, that is investigating the killings, soldiers and policemen who were guarding the Tomb of the Patriarchs were operating under the dual system.

For example, when Dr. Goldstein arrived that morning in his settlement's security jeep, he was armed, wearing an army uniform and carrying a bag with seven magazines of ammu-

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HANG SENG FALLS — A stock broker checking figures in Hong Kong, where the index plunged 5.09 percent Monday. The fall led to an Asia-wide sell-off. Page 17.

Kiosk

7 Killed on Swiss Train Hit by Crane

Dow Jones	Trib Index
Down 30.80	Down 0.88%
3,864.85	112.38
The Dollar	Mon. close
New York	1.6995
DM	1.6995
Pound	1.4885
Yen	105.875
FF	5.7605

Sports
Tonya Harding's former husband and two other men have been indicted on racketeering charges connected with the attack on skater Nancy Kerrigan.
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DAENIKEN, Switzerland (AP) — The crane of a work train sliced through a passing express train at window level Monday, killing seven passengers and injuring at least 15 others, the police said.

The crane apparently swung into the passenger train, cutting the top off a baggage car and forcing it off the rails, said a spokesman for the Solothurn canton police. It then cut into the next three cars, which were carrying passengers.

The accident occurred between Daeniken and Schönenwerd, near Aarau, in northern Switzerland. The train had originated in Brig and stopped in Lausanne and Biel. It was en route to Romanshorn on Lake Constance.

Regional train traffic was halted on the line, a spokesman for the Swiss Federal Railways said. Longer-distance trains on the main western corridor were rerouted, causing delays of up to an hour.

Wolf in Monk's Robes? A Lurid Tale Binds the Thais

By William Branigan
Washington Post Service

BANGKOK — In a country that has its share of Lorena Bobbitts 20 years ago, where men routinely take "minor wives" and where politicians offer prostitutes like party favors at their celebrations, it takes a pretty lively sex scandal to hold people's attention.

The case of Phra Yantra Amaro Bhikkhu has certainly done that. Two months after the charismatic Buddhist monk was first accused of various sexual transgressions and other unmonklike behavior, Thais are still avidly following a story that sounds more like a soap opera about an international jet-setter than the tale of a Buddhist preacher. And they are waiting for some answers about Phra Yantra.

Did he or didn't he father a child in Belgrade, violating his vows of celibacy? Is it true he seduced a Danish harpist and a

German disciple, had sex with a Cambodian nun on the deck of a cruise ship and courted female followers in long-distance phone calls? Or is it all a conspiracy by a gang of anti-Buddhist women called the "monk hunters"?

Is Phra Yantra a wolf in monk's clothing, as detractors allege, or are rival monks jealous of his shaven-headed good looks and large, heavily female following? Are Thai authorities engaged in a cover-up in the case? And will he or won't he be defrocked?

The episode has also raised questions about monks' relationships with women and about religious practices that some feminists describe as sexist. It has led to some unusually candid admissions from monks about how they deal with lust in a permissive society where temptations are everywhere.

In Thailand's male-dominated culture, the practice of taking mistresses, known as "minor wives," has been all but institu-

tionalized and reaches into the highest levels of society. So, too, does the practice of frequenting prostitutes.

At a celebration last year titled "Parliament Closure: The Bachelors' Style," a political party in the governing coalition gave away about 20 call girls to its members of parliament after a Chinese dinner at a Bangkok hotel. Thai newspapers reported.

Sometimes, however, men's philandering has pushed Thai women over the edge. There were numerous penis-lopping incidents here long before "Bobbitt" became a household word.

The Phra Yantra case, on the other hand, has offered aficionados a steady diet of steamy revelations and an open feud between him and his chief accuser, a rival monk, Phra

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Newsstand Prices

Andorra.....9.00 FF	Luxembourg 40 L Fr
Antilles.....11.20 FF	Morocco.....12 Dh
Armenia.....1.40 CFA	Qatar.....8.00 FF
Cameroon.....1.40 CFA	Réunion.....11.20 FF
Egypt.....E.P. 5000	Saudi Arabia.....9.00 FF
France.....9.00 FF	Senegal.....9.00 CFA
Gabon.....9.00 CFA	Spain.....200 PTAS
Greece.....300 Dr.	Tunisia.....1,000 Din
Ivory Coast.....1.120 CFA	Turkey.....T.L. 15,000
Jordan.....J.D. 1,500	U.A.E.....2.50 Dirh
Lebanon.....U.S.\$1.50	U.S. Mil. (Eur.) \$1.10

U.K. Stands Fast on Dilution of EU Voting Power

Compiled by Our Staff From Dispatches

BRUSSELS — European Union foreign ministers will try again Tuesday to break British and Spanish resistance to changing voting rules in an expanded EU, but Britain warned of a continuing deadlock.

The British foreign secretary, Douglas Hurd, said the meeting, the third in as many weeks, may not be decisive in resolving a battle over national veto rights when, as planned, the EU expands to 16 nations from 12 next year.

"Sometimes agreement takes longer than we hope, and this may unfortunately be true again this week," Mr. Hurd said Monday to the Institute of European Affairs in Dublin.

Diplomats from other countries also were pessimistic about chances of a deal since the issue has become embroiled in British do-

mestic politics, with anti-European hard-liners in the ruling Conservative Party warning the government against backing down.

A stalemate Tuesday is expected to worsen the crisis atmosphere in the Union.

Norway, Sweden, Finland and Austria completed negotiations on membership terms earlier this month. But the 12 current members have continued bickering over whether to reduce the rights of a minority of nations to block EU decisions.

Until the issue is resolved, expansion procedures are blocked.

Britain and Spain want the level of votes needed to form a "blocking minority" to stay at the current level so the new additions will not dilute their influence.

The 10 other nations want to increase it to make decision-making less cumbersome.

Members are assigned votes in proportion to their size. Currently, 23 votes out of 76 are needed to block a proposal within meetings of EU ministers. All EU members, except Britain and Spain, want to raise the threshold to 27 votes out of 90.

Mr. Hurd insisted member states need to be sure their views would "not be steamrollered." If the blocking minority is increased, that can no longer be assured, he said.

The foreign ministries of France and Germany said Monday that they had agreed over the weekend on a joint position ahead of Tuesday's meeting. They declined to specify further.

France last week became embroiled in a diplomatic spat with Germany when its ambassador was reported to have expressed worries that Bonn was riding roughshod over

Paris's interests in pushing so hard to bring the new members into the Union. Both governments have since been at pains to insist that their relationship at the heart of the EU is as strong as ever.

If the EU talks fail Tuesday, the enlargement could be delayed beyond the target of Jan. 1, 1995.

The European Parliament has to approve the expansion, including any change in voting procedures. The Union's 518-seat assembly is backing the 10 other EU nations against Spain and Britain.

After approval by the European Parliament, the four applicant nations will hold referendums on membership and the parliaments of the current EU nations also must approve expansion. (AP, Reuters)

WORLD BRIEFS

Racism on Rise in France, Panel Says

PARIS (Reuters) — An official human rights commission voiced concern Monday that the French were becoming more racist, and it condemned tough new immigration laws as a retrograde step in efforts to safeguard basic rights.

Paul Bouchet, president of the National Consultative Commission, said that there was less racist violence in France than in neighboring countries. But he added: "What is worrying is that the racist virus is continuing to spread in people's minds. Racist statements and behavior are becoming commonplace."

Mr. Bouchet said North Africans were the main victims and that there were signs of growing racism toward people from sub-Saharan Africa. According to an opinion poll for the commission, two out of five French people concede that they are "rather" or "a little" racist. Twenty-seven percent acknowledge having made racist statements, or having a racist outlook, "often" or "sometimes."

Pakistan Shuts Consulate in Bombay

BOMBAY (Reuters) — Pakistan and India, locked in confrontation over Kashmir, blamed each other on Monday over Pakistan's closing of its consulate in Bombay, India's commercial capital.

"We consider it unfortunate," said the Indian minister of state for external affairs, Salman Khursid. "It is designed to create an atmosphere that is not conducive to talks."

The Pakistani consul-general, Shahryar Rashed, called the closing "a step backwards" and said the decision was made after a leading hotel refused to hold Pakistan Day celebrations on March 23 on its premises. Mr. Rashed said he had searched without success for a permanent consulate, which has been operating from a rented office since August 1992. Asked if Pakistan would shut down the Indian consulate in Karachi, Mr. Rashed said: "We have not taken the next logical step yet."

Clash Raises 2-Day Egypt Toll to 15

ASSIUT, Egypt (Reuters) — Egyptian security forces hunting gunmen who ambushed a police vehicle in southern Egypt shot and killed six Muslim militants in a dawn raid Monday, security sources said.

Two policemen, including a senior commander, were killed in the raid, taking the death toll in violence between militants and security forces in two days to 15. The security sources said the shooting occurred near the town of Abu Tig, 345 kilometers (215 miles) south of Cairo.

They said hundreds of police swept the area after gunmen ambushed a police vehicle on Sunday in a nearby town, killing five policemen and injuring six people. Also Sunday, police found two bodies in a field in the area where the police had earlier clashed with militants.

Thatcher Faints Briefly During Talk

SANTIAGO (AP) — Former Prime Minister Margaret Thatcher of Britain fainted briefly Monday and struck her face against a microphone while delivering a speech before hundreds of Chilean businessmen. She did not fall and was not reported hurt in the incident.

Mrs. Thatcher, 68, was nearing the end of a 10-page speech at a hotel luncheon in her honor when she suddenly stopped, remaining silent for a few seconds. Her face then fell onto the microphone, and her husband, Sir Denis Thatcher, and two businessmen sitting nearby rushed to help her.

She recovered quickly, however, and returned to the microphone to apologize for what had happened. She then left for her room at a Santiago hotel, where she was reported resting a couple of hours after the incident. Earlier, she met with President Eduardo Frei.

U.S. Sweetens the Pot for Ukraine

MOSCOW (AFP) — The United States is adding \$50 million to a \$135 million allocation for Ukraine's program to get rid of nuclear weapons, visiting Defense Secretary William J. Perry said here Monday. Interfax news agency reported.

Mr. Perry signed an agreement with his Ukrainian counterpart, Vitali Redetski, for the added funds, saying cooperation between the two sides had great strategic importance, Interfax said. Mr. Perry is expected to sign further aid agreements totaling \$100 million during his stay. In Washington at the start of the month, President Leonid M. Kravchuk won pledges almost doubling American aid this year to \$700 million.

Under an agreement with Russia and the United States signed in January, Ukraine is to scrap its entire nuclear arsenal, the third largest in the world, sending the warheads to Russia to be dismantled.

For the Record

Gunmen killed two people in an Algiers newspaper office and wounded three on Monday. More than a dozen journalists have been killed in recent months by Islamic militants. The attack on Hebdo Liberte, a weekly, was the first on the offices of a publication. Security forces said three men armed with automatic rifles carried it out. (AP)

An Air France DC-9 broke its front landing gear as it hit the runway in heavy fog Monday and skidded 600 meters on its belly in Vigo, Spain. At least 12 of the 110 passengers suffered minor injuries, authorities in the northwestern city said. (AP)

A Sicilian hijacker claiming to have a grenade held 160 people hostage aboard a plane at Rome's Fiumicino airport for three hours Monday before giving up, officials said. Giuseppe Cizio, 67, took over the DC-9 belonging to the Italian airline Meridiana. He is from Trapani in western Sicily and has a criminal record and psychological problems, the police said. (AFP)

TRAVEL UPDATE

Tourists Find Britain a Better Value

LONDON (Reuters) — Foreign tourists found Britain's public transport, shopping and restaurants a better value last year than they did the year before, a British Tourist Authority survey said Monday.

It said 55 percent of overseas visitors thought London's public transport system was good value in 1993 compared with 50 percent in 1992. The pound's value declined by about a fifth against most foreign currencies in September 1992.

At least 47 percent thought shopping was good value, up from 35 percent the year before, and 42 percent considered British restaurants and cafes well-priced, compared with 28 percent in 1992. Approval rates for London hotel charges were still low, but rose from 12 to 17 percent. Last year a record 19.3 million overseas visitors spent £9.1 billion (\$13.6 billion) in Britain.

The restored Michelangelo ceiling of the Sistine Chapel at the Vatican was opened to the public in 1989 after more than two decades of study and work. Since then his other great Sistine Chapel fresco, "The Last Judgment," has been concealed behind a high scaffold. Now, at an Easter week Mass to be celebrated by the Pope, it too, will reappear. (NYT)

Areas of the world considered the most dangerous for air travel have been listed by the International Airline Passengers Association. They are China, South Korea and India; all countries in Central Africa; all republics of the former Soviet Union; and South America, specifically flights through the Andes, and trips to or within Colombia. The organization said flights in those regions should be avoided, except with the large U.S. airlines and major foreign carriers. (NYT)

KLM Royal Dutch Airlines cut fares to South Africa and Jordan on Monday in what a KLM spokesman said was a response to similar reductions by South African Airways. The new round-trip fare from Amsterdam to Johannesburg and Cape Town is 1,780 guilders (\$932) and to Jordan, 1,175 guilders. (AP)

Recreational dives may be allowed at the site of the Civil War ironclad Monitor off the North Carolina coast. The National Oceanic and Atmospheric Administration said it had decided to look for a company to manage dives at the Monitor National Marine Sanctuary. The wreck of the ship was found in 1973 at a depth of 230 feet. (AP)

Kremlin Will Probe Rumors of Coup Plot

By Fred Hiatt

MOSCOW — Russia's top law enforcement officer said Monday that he would investigate the coup rumors now swirling through political Moscow and, if they are unfounded, might sue for libel the newspaper that published them.

An unsigned but extremely detailed scenario for a palace coup was published Friday in the Obshchaya Gazeta and has since been widely discussed on television and in the halls of parliament.

Alexei Ilyushenko, recently appointed acting prosecutor-general by President Boris N. Yeltsin, said he would use his own officers as well as the Interior Ministry and the Federal Counterintelligence Service to investigate the report, his spokesman said.

Few here believe that the scenario, which names several Yeltsin supporters among the supposed culprits, is exactly what it purports to be. But that has not stopped Moscow politicians, jittery after having weathered two coup attempts in less than three years, from speculating on who might benefit from circulating such a document — and who might be plotting for power.

Reformers said Mr. Yeltsin's hard-line opponents were behind the rumors about Mr. Yeltsin's ill-health or political peril, because they allegedly hope to destabilize society. The hard-liners in turn accused reformers of preparing a coup in revenge for their loss in last December's parliamentary elections.

The jitters were energized when Mr. Yeltsin left town last week for a two-week vacation in Sochi, in the relatively warm southern region of Russia. The rumor meter spiked again when Defense Minister Pavel S. Grachev delayed a trip out of town last week.

And the rumor meter spiked even higher Monday when Prime Minister Viktor S. Chernomyrdin revised his schedule at the last minute to fly to Sochi, where officials said he and Mr. Yeltsin conferred on a range of issues.

If political Moscow was feverish, many Russian voters this weekend showed themselves increasingly apathetic and disillusioned with democratic politics as a means to improve their situation. In dozens of local districts across the country, elections to city or regional councils failed to attract the necessary 25 percent of voters to become valid.

The local elections had been scheduled last fall, after Mr. Yeltsin urged the dissolution of Communist-era "soviets," or councils, across Russia to pave the way for a new democratic era. But in St. Petersburg on Monday, Mayor Anatoli A. Sobchak had to order the polls to stay open an extra day after only 21 percent of voters turned out Sunday. He said the city could not afford to reschedule the election, but could not live without local legislative bodies.

In dozens of other cities, turnout also fell short in many voting districts. The head of Archangel'sk region called the local election there "a total failure."



PAN-EUROPEAN NUCLEAR PROTEST — Policemen battling protesters in Brokdorf, Germany, who were trying Monday to block a convoy of trucks carrying nuclear waste materials from a German reactor to the reprocessing plant in Sellafield, England.

U.S. to Focus More on Ex-Soviet Republics

By Steven Greenhouse

New York Times Service

WASHINGTON — Stung by months of criticism that it has unduly favored Russia, the Clinton administration has altered its policies, adopting a tougher tone toward Russia and focusing more on other former Soviet republics.

Although the administration seems too proud to admit that any new approach was needed, there is an unmistakable change in tone toward a newly nationalist Russia and far more emphasis on bolstering the security and economies of the other republics.

The recent visits here by the presidents of Ukraine, Georgia and Kazakhstan have demonstrated this new focus and appear, at least in part, to be a response to the many criticisms from Congress and foreign policy experts that the administration has maintained a Russia-first policy.

"The administration is reacting from the criticisms of its Russia policy," said Morton L. Abramowitz, director of the Carnegie Endowment for International Peace. "I think we're seeing a certain amount of rethinking and repositioning."

Evidence of that can be seen in President Bill Clinton's decision to double economic aid to Ukraine and Kazakhstan and his call for an international peacekeeping force to help end Georgia's civil war — a move that is widely seen as an effort to check Russia's muscle-flexing beyond its borders.

Officials say their stepped-up efforts to help the economies of Ukraine and other non-Russian republics are another way to ensure their continued independence.

"We feel economic security is inextricably related to political and military security," Deputy Secretary of State Strobe Talbott said in an interview. "If these countries undergo a pro-

found and protracted economic crisis, it will undermine their viability as states. Ukraine is a particularly vivid example of that."

Reluctant to give an inch to critics who have attacked their policy, Mr. Talbott and other administration officials deny that the visits of the leaders presage a change.

But at the same time, the administration is proud to point out that it is spending more money and more time on the 14 non-Russian republics.

Officials are also happy to note that while

NEWS ANALYSIS

Russia received more than half the aid to the former Soviet Union over the last two years, next year more than half will go to other republics.

After the surprising surge of nationalist forces in Russia's elections in December, Moscow's foreign policy statements have grown more shrill, and in response Washington has shown a new toughness.

While there is plenty of talk about the need for Russian cooperation to bring peace in the Middle East and Bosnia, the administration's warnings about Russia's nationalist ambitions are more frequent and firmer than before.

In a speech last week, Defense Secretary William J. Perry said the United States must help Russia consolidate its transition to democracy, but cautioned that "it is possible that Russia will emerge from the turbulence as an authoritarian, militaristic, imperialistic nation hostile to the West."

Mr. Perry's recommendation — one that should please those who say the administration has pampered Russia — was that Pentagon must keep up its defenses. He is traveling this week in Russia, Kazakhstan, Ukraine and Belarus.

When President Leonid M. Kravchuk of Ukraine visited two weeks ago, Mr. Clinton emphasized U.S. support for the "territorial integrity" of Ukraine at a time when Russian nationalists are clamoring that Crimea belongs to them and not Ukraine.

Perhaps because they do not want to offend their friend, President Boris N. Yeltsin of Russia, or perhaps because they do not want to acknowledge that there may be a need for any midcourse corrections in policy, administration officials are reluctant to discuss their approach in terms of a tougher stance.

Mr. Talbott said the administration had always stressed maintaining the territorial integrity of the former republics. Nonetheless, many foreign policy experts say the administration's frequent recent assertions of that view regarding Ukraine, Georgia and the Baltic republics signal such a change in the face of increased Russian nationalism.

"They're moving in the right direction, but I'm not going to start applauding the administration yet," said Senator Mitch McConnell, Republican of Kentucky, the senior Republican on the Senate Appropriations subcommittee on foreign operations.

He has threatened to vote against new Russian aid because he says the administration has improperly favored Moscow. "I'm still not convinced we've seen a real change in policy," he said.

The way Mr. Talbott explained it, the administration has naturally paid more attention to Russia than to other republics because it is the biggest republic and because the others would be greatly affected if Russia's democratization and economic reforms fail.

He described the warmer relations with Ukraine and Kazakhstan as a response to their decisions to eliminate nuclear weapons and get serious about economic reforms.

Touvier Plays Down Oath to Fight Jews

The Associated Press

VERSAILLES, France — Paul Touvier, the Nazi collaborator charged with crimes against humanity, admitted Monday that he had taken an oath to combat "Jewish leprosy," but he denied that he was anti-Semitic.

Testifying for the first time in his trial, Mr. Touvier said he was shocked by the anti-Jewish rhetoric of his comrades in a militia that collaborated with the Gestapo in German-occupied France.

Mr. Touvier, 78, is charged with arranging the executions of seven Jewish hostages near Lyon in June 1944 while serving as the militia's intelligence chief.

The head of the three-judge panel, Henri Boulard, led Mr. Touvier through his life story.

"I never considered myself anti-Semitic," Mr. Touvier said. "I am a practicing Catholic."

He denied knowing anything of German massacres of French civilians after D-day, or of roundups of Jews in 1942.

"I wasn't aware, not at all," he said. "There was no television and we only listened a little to the radio. It was censored. We didn't know anything about roundups or deportations."

Judge Boulard read documents giving the ideology of the pro-Nazi militia in which Mr. Touvier served, including a vow to combat "Jewish leprosy" and promote "French purity."

Mr. Touvier was asked if he took this oath.

"Yes," he replied, "but in a group. It shocked me. I didn't see anything anti-Semitic in that. They're just words. The author didn't intend to have a mean tone."

Mr. Touvier also said he was "very shocked" when the chief of the Vichy regime's militia, Joseph Darnand, swore allegiance to Germany.

According to the charges, Mr. Touvier handed over the seven Jewish hostages following the death of Philippe Henriot, propaganda minister of the Vichy regime that governed occupied France.

The hostages were taken to a village cemetery, lined up against a wall and shot.

Mr. Touvier worked closely with a local Gestapo chief, Klaus Barbie, who died in a French prison after being convicted of crimes against humanity in 1987.

After the war, Mr. Touvier was protected and financially supported by elements of the Roman Catholic Church. At the behest of church officials, President Georges Pompidou pardoned Mr. Touvier in 1971.

He surfaced briefly after the pardon, but went underground again when outraged Resistance groups and Jewish survivors came forward with evidence to bring new charges. He was arrested in 1989 at a priory in Nice.

4 ANC Officials Are Among 34 Killed in Natal

Reuters

DURBAN, South Africa — At least 34 people, including four African National Congress officials, were killed in Natal Province during the weekend, the police and the ANC said on Monday.

The police said gunmen shot and killed four ANC officials at Ndeleni black township, near Richmond in the Natal Midlands on Sunday afternoon.

Nearly 15,000 people have died in political violence in the past four years of apartheid reform, at least half of them in Natal, which is the power base of the Inkatha Freedom Party leader, Chief Mangosuthu Buthelezi, who is refusing to take part in South Africa's first all-race elections in April.

Meanwhile, a fire that prisoners demanding the vote in the upcoming elections apparently set in their own cell killed 21 inmates, officials said Monday. A prison spokesman said the fire, at Queenstown, in Eastern Cape, was part of a mass action by the South African Prisoners' Organization for Human Rights to secure the vote for prisoners in April 26-28 polls.

Kurd Supporter Slain in Nicosia

The Associated Press

NICOSIA — A prominent campaigner for Kurdish independence in eastern Turkey was shot and killed outside his home here, the police said Monday.

Theophilos Georgiades, 37, a member of the Greek Cypriot Kurdish Solidarity Committee, was slain Sunday night, the police announced.

Witnesses reported seeing a motorcycle with two people on it flee the scene, the police said. No arrests were reported.

A Cyprus government spokesman blamed Turkish secret services for the slaying.

Mr. Georgiades worked for the government's Press Information Office and specialized in Turkish and Kurdish affairs.

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هكزامن الأصيل

Clinton Testy on Whitewater

Abortion Bill Loses Impetus

"For all intents and purposes, it is dead because we've gone on to more pressing priorities," Pamela J. Maraldo, president of the Planned Parenthood Federation of America, said of the Freedom of

President Bares Health Fees

President Pans Health Foes

"What are the special interests saying?" he asked. "Led by the extreme right of the Republican Party, they are warning of a grim future." (Reuters)

Quote / Unquote

Robert O. Boorstin, a White House adviser, on polls that suggest people are confused about the Clinton health plan: "People really like the president's health care plan, but they don't know what's in the plan." (AP)



By R.W. Apple Jr.
New York Times Syndicate

Away From Po

For all its recent economic travails and natural disasters, this vast state has the kind of raw political

Winning California "is like hitting a \$15 million lottery," says Stuart Spencer, a veteran Republican strategist. "None of the rest is worth more than \$2 or \$3 million."

Mr. Wilson has mounted an impressive comeback after a disastrous start marked by tax increases and fumbles on important issues, including homosexual rights.

Mr. Clinton's task is complicated by the state's anxieties, born of floods, fires and earthquakes, riots and bank failures and base closings. Californians have become a cluster of Cassandra's, fretting in

What has helped the president most, politicians of both parties agree, has been his prompt assur-

Still, Tom Epstein, the White House official who spends full time worrying about California, acknowledges that "we have only a limited capacity to fix things out

EVERY DAY
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LATE NIGHT
UNTIL

Away From Politics

- The Supreme Court allowed the seizure by the government of more than \$10 million that allegedly represented drug proceeds laundered through various bank accounts by the Cali, Colombia, drug ring, which sends more than three tons of cocaine a month to the United States.
- The Supreme Court has asked the Justice Department for the government's view on whether a company's requirement that employees speak only English at work violates the federal civil rights law. A San Francisco company with 33 employees, 31 of whom are bilingual in Spanish, adopted the

● **Konrad Kalejs**, 80, an accused officer in a Nazi execution squad in Latvia during World War II, lost a Supreme Court appeal challenging his deportation from the United States to Australia.

Mr. Clinton has taken California more seriously as a political base than any modern Democratic president, traveling here nine times since he took office, sending top aides when he could not come him-

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Teaching Hospitals Make Their Point

President, Heeding Doctors, Promises Increased Funding

By Adam Clymer
New York Times Service

WASHINGTON — Heeding complaints from several major medical schools and teaching hospitals that their precarious financial futures would become worse under the proposed health care overhaul, President Bill Clinton has agreed to support revisions that would provide more money for them.

At a meeting last week in Boston, Mr. Clinton also pleased representatives from academic health centers by promising a slower pace of change.

Doctors who were present said they were impressed with his understanding of the predicament they face: that they are already losing patients to other institutions that can offer lower prices because they do not have the extra costs of teaching and research and that those losses threaten the future of medical education.

More federal money would allow them to cut their rates and compete for business, they said.

Politics was clearly an element, too. Seeking expert witnesses who can help persuade the public that his plan would mean better health care for the nation, the president urged the doctors to voice their support.

No deal has been struck. In fact, few doctors or administrators in the academic world, except those who met with Mr. Clinton, are aware of the president's position and the backing it has in crucial Senate committees.

But Mr. Clinton got the first installment on the support he sought when the meeting ended and Dr. Mitchell Rabkin, head of Boston's Beth Israel Hospital and the group's spokesman, said: "The consensus is: The president's bill is a winner."

Since Mr. Clinton's health plan was first proposed last September, the academic institutions had complained that provisions intended to correct academic medicine's difficulties were inadequate. They also said his goal of producing more

primary care physicians and fewer specialists was too rigid.

The medical leaders have two principal spokesmen in the Senate, and Mr. Clinton has met with both and made his point clear. In Boston, he met not only with the doctors but also with Edward M. Kennedy, the Massachusetts Democrat who heads the Senate Labor and Human Resources Committee. In Washington on Thursday, he met with Daniel Patrick Moynihan of New York, chairman of the Senate Finance Committee.

Their panels are handling health legislation in the Senate. The chairmen said that their committees, regardless of whatever else was in their health care bills, would write legislation to protect the future of medical research, medical schools and teaching hospitals.

"We are in the great age of discovery in medical science, and it is taking place here in the United States," Senator Moynihan said. "That's a responsibility to mankind, not just our own citizens, and we'll do it."

There is no precise dollar commitment yet. But Dr. Philip R. Lee, assistant secretary for health in the Department of Health and Human Services, said he expected the administration to support more than the \$9.8 billion a year that Mr. Clinton first offered for academic institutions.

Without predicting what that amount would finally be, Dr. Lee cited arguments presented by Dr. Michael Johns, dean of the medical school at Johns Hopkins University in Baltimore, who has said that an additional \$9 billion a year would be needed to keep the academic centers "on a level playing field."

In simple terms, the problem faced by the academic centers is that teaching new doctors and conducting research is an expensive and inefficient way to run a hospital, which forces the institutions to charge high rates.

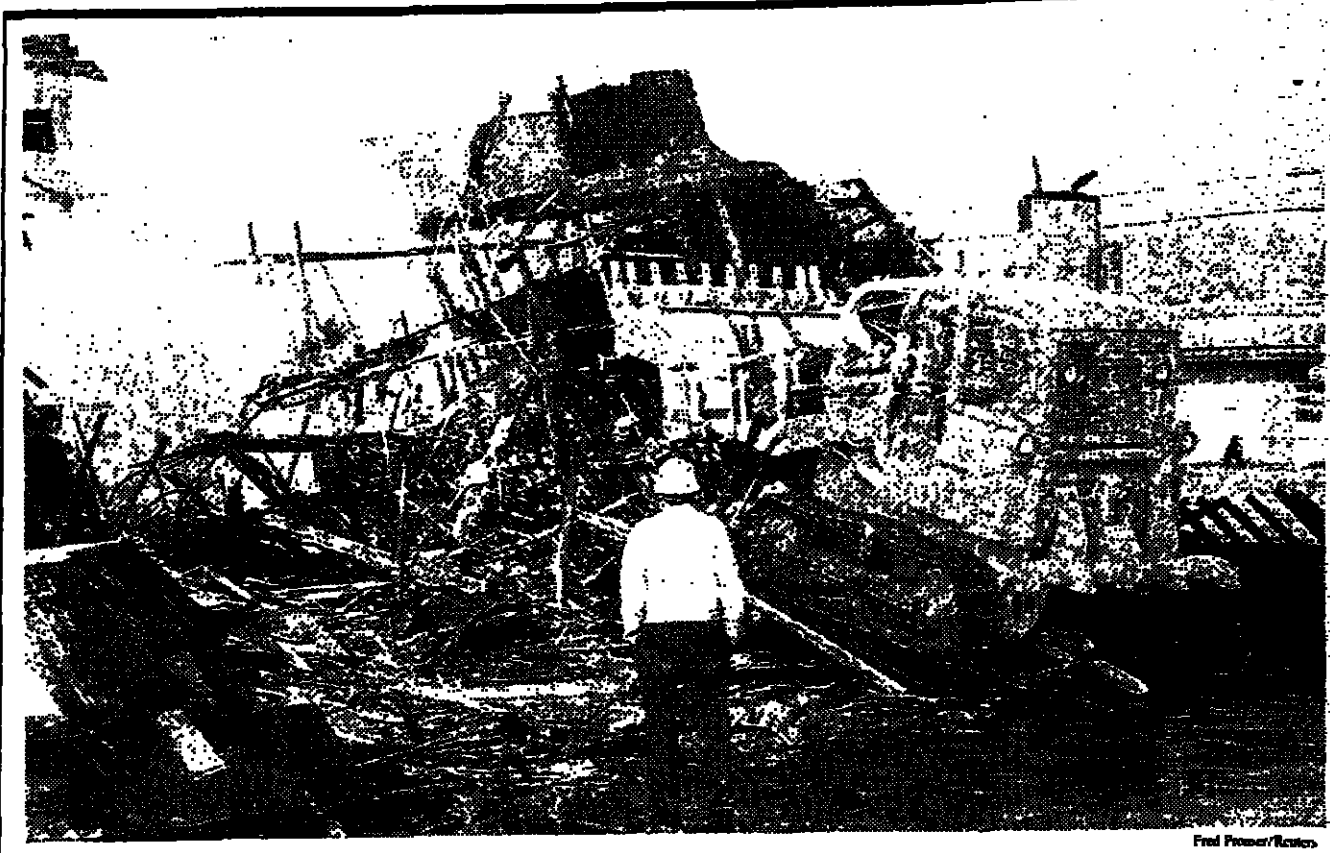
As pressure has grown nationally to hold down medical costs, insurance companies have placed limits on what they will pay, driving patients away from the academic centers.

Leaders of academic centers argue that the federal government should recognize their importance to the nation both as training grounds for doctors and as the institutions best able to deal with the rarest and most difficult medical conditions.

U.K. Promises Refugee Aid

Reuters

LONDON — Britain on Monday pledged to provide \$3.35 billion in aid to Armenia, Azerbaijan and Georgia to help more than 1.25 million refugees.



A 5.3-POINT REPLAY — A bulldozer leveling rubble Monday in Van Nuys, California, after an earthquake registering 5.3 on the Richter scale hit the Los Angeles area. The aftershock to the Jan. 17 quake set several fires and cracked freeways, but highways and schools were open Monday. Two people were hurt, and rehearsals for the Academy Awards ceremony were briefly interrupted.

Capital Blues: Red Ink, White Knuckles

By Karen De Witt
New York Times Service

WASHINGTON — This city has huge financial problems that it may be forced to borrow money from the federal government to pay its bills, officials say. Such a move would be a blow to efforts by the District of Columbia to win more independence from Congress.

"The situation is that they have really had unbalanced budgets for the last several years," said Philip M. Dearborn, a financial research director of the U.S. Advisory Commission on Intergovernmental Relations. "They've used up all their cash and are in a very difficult cash situation now."

Already, the district gets about one-fifth of its \$3.4 billion budget from the government; the rest is supposed to come from taxes and fees.

To avoid a bailout, which many politicians here would see as undermining the district's

efforts to gain more control over its own affairs, Mayor Sharon Pratt Kelly has proposed postponing a required payment of \$230 million to the city's pension fund this year. That would allow the district to end the year with \$75 million, but it would also face challenges in the courts and in Congress and seemed unlikely to succeed.

Cutting spending enough to find the pension money is virtually impossible, officials say.

The District of Columbia, though governed by a mayor and a 13-member City Council, is a unique entity whose political decisions, including its budget, can be vetoed by Congress. The district does not have the power that the states and some cities do to raise money, but it still must provide the kind of services that states do — welfare, Medicaid, prisons and courts.

The district is also prohibited by Congress from taxing commuters to recoup the cost of public services used by suburban residents who

work in the city. Moreover, half the real estate in the district is exempt from taxation because it is used by the government, embassies or nonprofit institutions.

The city has faced financial problems since it won limited political independence in 1974. During Mayor Marion S. Barry's 12 years in office, the city borrowed \$150 million to \$300 million a year from private lenders. Mayor Kelly eliminated that practice with a \$336 million bond sale in 1991, at the end of her first year in office. That erased the city's accumulated deficit and put the district in its best financial condition since limited home rule began, experts say.

But over the last three years, the city's budget has been balanced only through a series of accounting maneuvers. Now the mayor's office projects that if nothing is done the city's annual deficit will increase to almost \$800 million by the year 2000.

Rightist Falls Just Short of Victory in El Salvador

Reuters

SAN SALVADOR — The governing rightist ARENA party led El Salvador's elections Monday, but its presidential candidate was short of the 50 percent of votes needed for a first-round victory, official results showed.

With 63.25 percent of votes counted, the candidate of the Na-

tionalist Republican Alliance, or ARENA, Armando Calderón Sol, had 49.62 percent of the vote.

His archrival Ruben Zamora, whose leftist coalition is headed by former guerrillas of the Farabundo Martí National Liberation Front, had 26.67 percent, the Supreme Electoral Tribunal said. The Christian Democrat candidate, Fidel

Chávez Meza trailed with 14.97 percent. A runoff is to be held within a month.

Mr. Calderón Sol had claimed outright victory late Sunday when early returns showed him with more than 50 percent of the vote. But his share slipped steadily overnight as results came in from rural areas where the Farabundo Martí

National Liberation Front had most of its support throughout a civil war.

The elections were seen as the culmination of El Salvador's democratic transition after United Nations peace accords ended the war in 1992, but leaders of the opposition have claimed widespread electoral irregularities.

BOOKS

THE HISTORY OF THE GINGER MAN

By J. P. Donleavy. 517 pages. \$32.50. Houghton Mifflin.

Reviewed by Robert Day

THE reader gets three books for the price of one in J. P. Donleavy's "The History of the Ginger Man." Tales of literary Dublin after World War II are intertwined with a loopy autobiography of Donleavy (called "Mike" by his friends) that is in turn bracketed by an impassioned account of the publishing of Donleavy's celebrated first novel, "The Ginger Man." The last story is worth the candle; the other two: maybe.

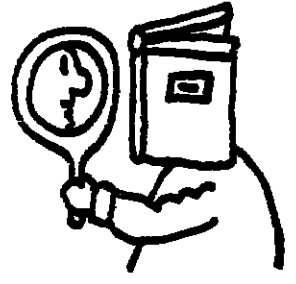
The original "Ginger Man," published by Maurice Girodias in 1955 in his Olympia Press Traveler's Companion series, featured Sebastian Dangerfield, an American law student studying at Dublin's Trinity College. Sebastian was something of a braver and a hedonist. He's the character who a reviewer in the Toronto Globe and Mail said gave "moral turpitude a new lease on life." Like his character, Donleavy was an expatriate; it was not until 1967 that he became an Irish citizen.

The problem with telling the tale of literary Dublin after World War II is that there was no there there. Beckett had left for Paris; Yeats and Synge and Shaw were all dead. Dublin circa 1946 is not Nabokov's

WHAT THEY'RE READING

• The Reverend Jesse Jackson is reading "The Rape of a Privileged Class" by Ellis Cose.

"This is must reading for anyone who wants to understand the feelings of African Americans today." (Ilse Gersten, IHT)



that moving the pen (or carriage or cursor) across the page (or screen) from left to right a couple of hundred times a day is not the fodder for stimulating description. As Boswell has taught us, it is what authors say that makes for good literary biography.

It is what writers think that makes them interesting: Nabokov in "Invitation to a Beheading" daydreaming about the color of words; Hemingway in "A Moveable Feast" contemplating the nature of rich women; Edith Wharton in "A Backward Glance" considering a writer's duty to society.

"The History of the Ginger Man" — at least until we get to legal wrangles over the allegedly offensive novel — doesn't seem to have much of the author's mind at work. Maybe it is a case of modesty. Modesty is not a virtue in literary autobiography, and the result for "The History of the Ginger Man" is that the minor characters are more interesting than the major ones — Girodias, for example, who published the unexpurgated "Ginger Man" in Paris in 1955 (that version didn't make it to the United States until 1965).

The book's best story is the legal battle between Donleavy and Girodias over the publishing rights to "The Ginger Man," with one highlight being what Donleavy considered the initial betrayal of including the novel among the press's pornographic titles. "I had to do it to make money," the publisher explained. "And of course, like anybody I like being rich."

The charm of "The History of the Ginger Man" lies in those scenes that glow in your mind: Donleavy walking through London's Fulham neighborhood pounding the cover of his just-published novel and saying: "If it's the last thing I ever do, I will average this book." Or Girodias signing his letters to Donleavy "Toodles oo." Or Donleavy writing on the wrapper in which he sent the manuscript of "The Ginger Man" to Paris: "Manuscript litterature, sans valeur commerciale" (literary manuscript with no commercial value). In these moments the book springs to life with as much vigor as did Sebastian Dangerfield nearly 40 years ago.

Robert Day, the author of "The Last Catch Drive" and "Speaking French in Kansas," wrote this for The Washington Post.

CHESS

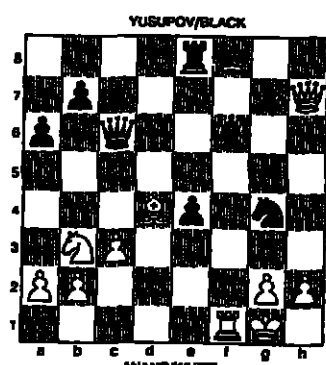
By Robert Byrne

VISWANATHAN ANAND faced Arseniy Yusupov in the International Chess Federation elimination matches. In Game 5, Anand's victory featured a new idea in a sharp variation.

That there is no rhyme or reason to the naming of chess openings is shown by the Siesta Variation. Far from sleepy, its key move, 5...f5, is the introduction to a tricky gambit.

Most players avoid that kind of trouble by continuing to develop with 7...O-O, as Anand did. But after 7...Bd3 8 Re1 Be7, it does not pay for White to become greedy with 9 Re3? 9 10 Ne1 because 10...Bg5 11 Nc3 Bc2 12 Nc4 Bx2 13 Kf2 Qb4 14 Kg1 Nc6 15 Qd1 Ng4 16 Qd4 Rf8 17 Qg3 Rf1 18 Kf1 Nc2 19 Qh2 20 Resigns was the outcome of a Michel Adams-Jeroen Fiske game in Wijk-aan-Zee in 1991.

After 9 Bc2 Bc2 10 Qc2 Nf6 11 d4 O-O, the previously accepted line, 12 de Ne3 Ne5 de 14 Nd2 (14 Re3? Ng4 15 Re2 Bc5 16 Bc3 Qb4 17 h3 Ne3 18 fe Raef wins for Black) yields White little. But Anand produced the inspiration of closing the center and establishing a grip on the light squares with 12 d5? The pawn was immune be-



Position after 24...Qe5

cause 12...Nd5? 13 Qb3 costs Black a piece.

Rather than retreat with 12...Nb8 and let Anand assure himself of a slight superiority with 13 Ng5 Qc8 14 c4 Nbd7 15 Ne6 Re8 16 Nc3 Nf8 18 Nf8 Bf8 19 Bc3, Yusupov chose the aggressive 12...e4 13 Ng5 Ne5 14 Ne6 Qd7. He was undoubtedly hoping for 15 Nf8 Qg4 16 Nd2 Nf3 17 Nf3 e f 18 g3 Qb5 followed by mate.

But Anand cut down Yusupov's attacking chances with 15 Nd2!, one point being that 15...Nd3 would be defeated by 16 Re4! Ne4

17 Ne4 Ne1 18 Nf8 Rf8 19 Re1. Also, 15...Nd5 16 Nf8 Rf8 17 Ne4 Qg4 18 Ng3 leaves Black the exchange down for nothing.

The result of 15...e4 16 Re3 Nd5 17 Nf8 Ne3 18 Qb7 Kf8 19 fe was to put Anand a pawn ahead. Moreover, after 19...Re8 20 e4 d5 21 Nb3! de 22 Be3!, threatening 23 Rf1 Bf6 24 Rf6! g f 25 Bb6, the Indian showed that he could switch powerfully to attack.

Anand's 24 Bc4 threatened 25 Bf6 Nf6 26 Rf6; there was no use defending by 26...Kf7 because 27 h3 Ne5 28 Ne5 Qd5 29 Ne4 would speed the white attack. Yusupov, having less than a minute on his clock and lacking a defense anyway, blundered with 24...Qc6 and was struck by 25 Bc5! Since 25...Kf7 drops the knight to 26 Qh5, Yusupov gave up.

RUY LOPEZ		Black		White	
Anand	Yusupov	Anand	Yusupov	Anand	Yusupov
1 Nf3	c6	1 Nf3	c6	1 Nf3	c6
2 e4	e5	2 e4	e5	2 e4	e5
3 Bb5	a6	3 Bb5	a6	3 Bb5	a6
4 d4	exd4	4 d4	exd4	4 d4	exd4
5 c3	dxc3	5 c3	dxc3	5 c3	dxc3
6 Bxc3	Bc5	6 Bxc3	Bc5	6 Bxc3	Bc5
7 O-O	O-O	7 O-O	O-O	7 O-O	O-O
8 Re1	Re8	8 Re1	Re8	8 Re1	Re8
9 Bc2	Bc2	9 Bc2	Bc2	9 Bc2	Bc2
10 Qc2	Nf6	10 Qc2	Nf6	10 Qc2	Nf6
11 d4	O-O	11 d4	O-O	11 d4	O-O
12 e5	e4	12 e5	e4	12 e5	e4

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مكتبة الأصيل

Cambodia Japan Backs China on Rights

Builds on A Victory

Fresh Troops Sent To Captured Base

Compiled by Our Staff From Dispatches

KON DAMREI, Cambodia — The Cambodian Army poured reinforcements into the former Khmer Rouge headquarters of Pailin on Monday, and a government commander said the back of the guerrilla resistance had largely been broken for now.

"I think the Khmer Rouge have just tried to escape wherever they can, but they don't know where to go," said General Pol Sareum, deputy chief of the general staff.

A Thai military spokesman said in Bangkok that 25,000 Cambodians had sought refuge in Thailand to escape the fighting around Pailin, and that they would be allowed to stay on humanitarian grounds until the situation returned to normal.

Thai military officers said those fleeing into Chantaburi Province included Thais who had been logging or mining for gems in the Pailin area under contracts that provided large revenues for the Khmer Rouge.

But the refugees also included families of Khmer Rouge soldiers. It was the first significant refugee exodus into Thailand since the United Nations finished repatriating 360,000 Cambodians in April 1993.

A Reuters correspondent on the Thai side of the border estimated that hundreds of unarmed Khmer Rouge guerrillas were among the refugees.

A Cambodian government officer said the town of Pailin, which the government says it occupied on Saturday, was still coming under harassing fire from guerrillas in surrounding hills.

A helicopter due to take the Cambodian chief of staff, General Ke Kim Yann, to the town had to land about four kilometers away, the officer said.

Pailin is about 355 kilometers (220 miles) northwest of Phnom Penh and 12 kilometers from the Thai border.

General Sareum said the guerrillas had split up into small groups to carry out ambushes and harassing actions. He estimated Khmer Rouge casualties at more than 100 killed, compared with government casualties of 7 killed and 22 wounded in the operation.

"It's not been easy," he said at his tent headquarters 24 kilometers from Pailin. "We've gone through many difficulties."

But the general said he doubted the guerrillas could launch a successful counterattack as they did after the government overran their northern base of Anlong Veng last month.

"We've captured ammunition stockpiles and they have split up," he said. (Reuters, AP)

MONK: Thailand Scandal

Continued from Page 1

Phayom Kallayano, Phra Yantra, 43, aroused controversy initially for traveling abroad with large entourages of devotees, some of them women, staying in hotels instead of Buddhist temples and possessing two credit cards. He also often walks on pieces of white cloth, which followers lay on the ground for him to step on to bring them good luck, a practice that some Buddhists believe leads to an undue emphasis on the individual rather than on religious teachings.

Some Buddhist photos of Phra Yantra wearing Mongolian clothing during a visit to Mongolia and sitting on the back of a cow in Thailand. Buddhist monks must not wear anything but their saffron robes, especially not clothing made of fur or animal skin, and are forbidden to ride on animals.

But the most serious charges are that he violated his vow of celibacy with at least four women, including a Thai who allegedly bore him a daughter in Belgrade six years ago. Phra Yantra, who has been a monk for 20 years, denies the charges.

A Cambodian-born Buddhist nun, who is now a U.S. citizen, has said that Phra Yantra seduced her on the deck of a Scandinavian cruise ship last year after telling her that he had been married in a previous life. A German female devotee has written that he made improper sexual advances, and a Danish harpist who performed for him at a monastery in Copenhagen has said that they twice had sex in her van.

Three investigative committees, including one from the Education Ministry's Religious Affairs Department, have ruled that there is insufficient evidence of sexual misconduct.

Last month, as the controversy intensified, Phra Yantra checked into a hospital after apparently suffering a stroke that temporarily paralyzed his left side. He left the hospital March 10 to convalesce at a Buddhist temple.

Since then, other monks have spoken publicly about the previously taboo subject of sexual urges. Some complained of being bombarded constantly by prurient influences in Thailand's increasingly materialistic society.

"If we lower our eyes, we cannot see the cluttered way," a young monk said. "If we look up, there it is — the advertisement for women's underpants."

Compiled by Our Staff From Dispatches

TOKYO — In a slap at Washington's policy on China, Prime Minister Morihiro Hosokawa of Japan said Monday that he had told his Chinese counterpart, Li Peng, that the Western concept of human rights should not be blindly applied to all nations.

"I told him that it is not proper to force a Western- or European-type democracy onto others," Mr. Hosokawa said while flying back to Tokyo via Shanghai after his three-day trip to China.

"I made the same statement when I met President Clinton last November," Mr. Hosokawa said.

His remarks were made at a banquet given by Mr. Li on Saturday. Japanese Foreign Ministry officials traveling with Mr. Hosokawa had not made his statement public to reporters in Beijing. They had only said the Japanese prime minister urged Beijing to improve its human rights record.

Japan is locked in a difficult diplomatic situation: It wants to strengthen ties with China, the world's fastest growing economy, while facing a bitter trade dispute with the United States.

A spokesman at the Chinese Foreign Ministry said Mr. Hosokawa had said at the banquet that he fully understood Mr. Li's position on human rights, and lauded Mr. Li for China's active role in a world

conference on human rights last year.

Mr. Hosokawa explained to journalists accompanying him on the flight back to Tokyo on Monday that he did not intend to rebuff recent efforts of the United States to pressure China to improve its human rights record. But his remark was an implicit rejection of the U.S. policy of linking China's human rights policies to giving it favorable trade privileges.

The latest remarks by the Japanese prime minister could set off a fresh dispute with Washington and deteriorate already worsening relations with the United States. A meeting between Mr. Hosokawa and Mr. Clinton broke down last month after Japan rejected a U.S. demand for numerical targets to measure market-access improvement in such areas as insurance, medical equipment procurement and telecommunications.

Secretary of State Warren M. Christopher, in Tokyo earlier this month before going on to Beijing, asked Mr. Hosokawa to cooperate with Washington in pressing China to better its human rights record.

Mr. Christopher later warned China's leaders that they stood to lose their preferential trade status if they did not show progress on human rights.

Chinese police rounded up more than a dozen dissidents before and

during Mr. Christopher's visit, and told him Beijing would never bow to foreign pressure.

On Sunday, Mr. Christopher said he remained optimistic that China would meet Washington's demands for improvements in human rights and avoid the loss of favorable trade benefits. He held out prospects that the United States might separate its human rights and trade policies in the future.

"I still have high hopes they are going to be doing enough so we can find them in compliance" and renew the trading status, he said, noting two months remained before a decision was needed.

Chinese leaders have vehemently opposed linking the two, claiming that its human rights standards are an internal matter and that Asian nations have a different concept of rights than the United States and Europe.

In Honolulu on Sunday, a top Chinese official welcomed signs that the United States might compromise in its dispute with China over human rights and said Beijing was willing to discuss the issue as long as it was not linked to trade.

The Chinese government has made it very clear that we are willing to discuss the issue with other countries," Finance Minister Liu Zhongli said. (Reuters, AP)



A Chinese dissident, Gao Hongmin, showing his protest leaflets on Monday in Beijing. He was arrested in the street a while later.

Tiananmen Police Seize Leafleteers

Compiled by Our Staff From Dispatches

BEIJING — At least two women tried to distribute leaflets in Tiananmen Square on Monday before dozens of policemen rushed to subdue them and seized at least one foreign journalist's film, witnesses said.

In a separate incident, a man was detained outside one of Beijing's special residential compounds for foreigners after showing reporters leaflets supporting democracy that he said he planned to throw in the square.

The witnesses in Tiananmen Square said they saw leaflets being thrown into a crowd in the square, site of the 1989 student-led demonstrations for democracy, which were brutally crushed by the army. The police immediately scrambled to gather all the pieces of paper and to deal with the leaflet throwers, the witnesses said. There was no indication what the leaflets said.

The Foreign Ministry, in effect, denied that the police had taken the pamphleteers into custody, saying, "Two Chinese women were stopped by other citizens for disturbing public order."

Placemen wrestled a camera from Manuel Ceneta, a photographer for Agence France-Presse, and returned it only after exposing the film. The police also hindered a cameraman from a Canadian television network. The reporters were covering a meeting of the national legislature, which is at the Great Hall of the People on the west side of the square.

Later Monday, a government employee named Gao Hongmin visited the office of a Western television network to show them copies of a leaflet he said he wanted to distribute in Tiananmen.

The leaflet called for a fully free-market economy, gradual steps toward democracy and a reversal of the official verdict on the protests for democracy in 1989.

Mr. Gao, 44, said he was working alone and had no connection with the morning leaflet attempts.

He was grabbed by security agents upon leaving the guarded compound and thrust into a car, witnesses said.

The police in recent weeks have detained and interrogated a number of dissidents.

In addition to a tiny democracy movement, Beijing also has a number of people who have expressed anger at the current visit of Prime Minister Morihiro Hosokawa of Japan because of Tokyo's war record in China.

A Shanghai-based dissident, Bao Ge, who is fighting for compensation from Japan for wartime atrocities, was detained by the police as Mr. Hosokawa arrived in the city, a family member said. (Reuters, AP)

KOREA:

Crisis Deepens

Continued from Page 1

expressed "grave concern" over North Korea's refusal to allow inspectors into a nuclear complex in Yongbyon. As a result of the refusal, the agency "remains unable to verify that there has been no diversion of nuclear material," it said.

In referring the matter to the Security Council, the agency did not recommend any specific action. The 15-nation Council is empowered to impose sanctions, but UN sources said the Council might give North Korea one more chance to resolve the dispute through diplomatic channels before moving ahead on trade sanctions, the sternest measure the United Nations can take short of military force.

Mr. Christopher said that Washington would push for a UN resolution against Pyongyang and that ultimately it was "preparing for trade sanctions."

He predicted that China, North Korea's main ally, would go along with such action for its own security reasons, and would not use its veto power to block a sanctions resolution.

China "has indicated in the past it would be very undesirable to have a nuclear capability on the Korean Peninsula," Mr. Christopher said.

But China abstained from voting on the decision by the atomic inspection agency, a UN body, to refer the matter to the Security Council.

North Korea said in a statement that U.S. actions, including the cancellation of the scheduled Geneva meeting, were pushing the country toward withdrawing from the nonproliferation treaty. But Mr. Christopher said the United States had proceeded in a "patient and deliberate way" to make North Korea open up suspect facilities.

He said the Clinton administration would continue to proceed "very deliberately" while taking into account concerns that sanctions could create added tension on the peninsula. Some strategists in Washington fear that pushing North Korea's largely isolated leaders into a corner could goad them into an attack on the South.

"I'm not trying to ratchet up the tension," said Mr. Clinton, who added that the North Koreans could still avoid sanctions by cooperating with the international community. The president said that he held out "some hope" that North Korea would allow full inspection of its nuclear plants.

Mr. Christopher said that there were no immediate plans to augment the 37,000 American troops in South Korea, but that "we'll be looking at that situation day in and day out."

Threats From the North

David E. Sanger of The New York Times reported earlier from Tokyo:

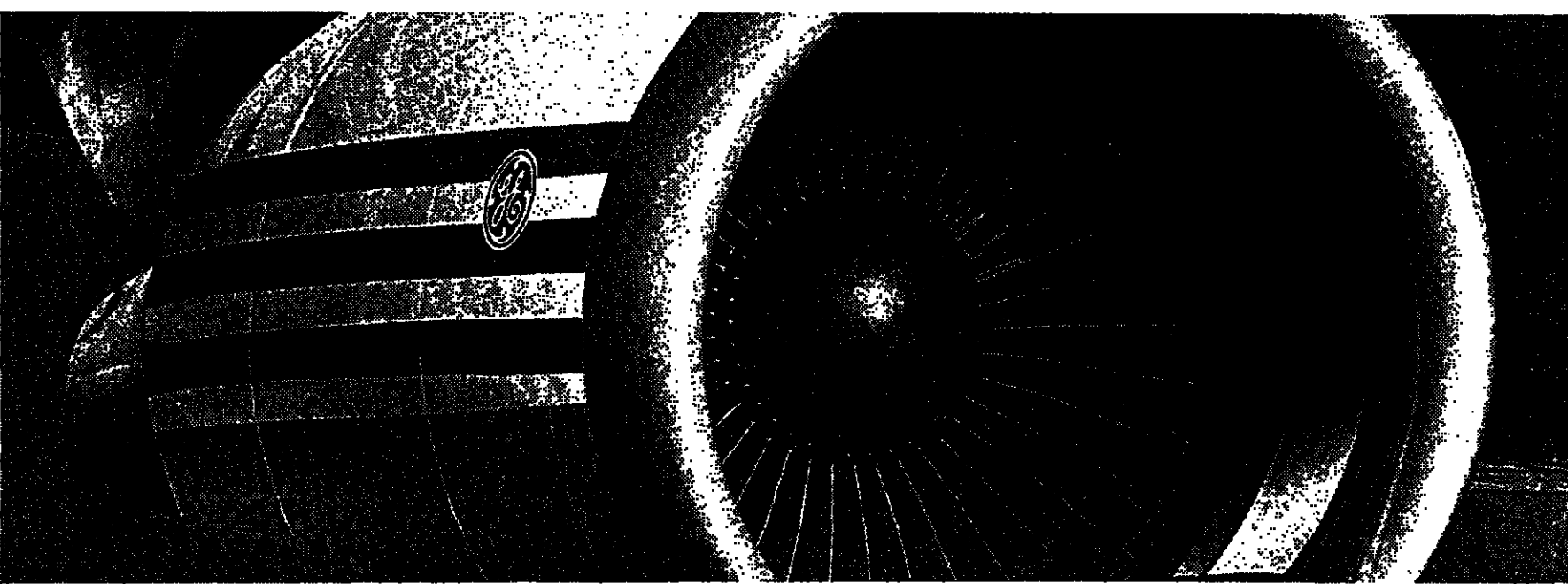
Hours before the International Atomic Energy Agency took action, North Korea said Monday that it would no longer allow inspections of its nuclear sites.

In an angry, six-page denunciation of the Clinton administration and the atomic energy agency, issued by North Korea's Foreign Ministry, the Communist government in Pyongyang charged that "the United States committed a perfidious act" that "may bring the Korean nation back to the phase of confrontation and war."

If the North carried through on its threat and left the Nuclear Non-proliferation Treaty, it would mark a significant setback for the Clinton administration. Ever since the North threatened a year ago to become the first signatory to renounce the treaty — a step that would leave it free to produce nuclear weapons — the United States has engaged in an enormously complex effort to use economic and diplomatic incentives to keep North Korea within the treaty. But it has insisted that the North open up to inspections.

Until a little more than a week ago, when the North refused to allow inspectors to take radioactive samples from critical parts of the facility, it appeared that the effort was making significant progress.

TWO GIANTS.



These days the Welsh Dragon is a real high flyer since two international giants of the aero engineering industry chose Wales.

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ONE DRAGON.



THE WELSH ADVANTAGE.

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Toward Nuclear Security

Amid all the talk about renewed rivalry, Russia last week took two welcome steps toward nuclear cooperation with the United States. It shut down the three nuclear reactors that were still producing plutonium for nuclear arms. And it agreed to mutual monitoring of nuclear storage sites where both countries will store plutonium extracted from dismantled warheads. These moves will help reduce and secure the volume of fissionable material in circulation — thereby limiting the chance that other countries with nuclear ambitions can get their hands on that material.

The next useful step is for the two nations to speed deactivation of nuclear forces scheduled to be dismantled under two strategic arms treaties.

It makes sense for Moscow to shut down its plutonium-producing reactors; Russia has more weapons-grade nuclear material than it needs or can safely keep track of.

Russia thus joins the United States, China, Britain and France in halting production of weapons-grade plutonium and uranium. A global ban is possible if Pakistan, India and Israel follow.

Mutual monitoring of nuclear storage sites also sets a useful precedent. The United States and Russia have long accepted procedures for observing each other's missile and bomber deployments and tests. But never have they al-

lowed mutual monitoring of storage sites, helping to secure nuclear material against theft.

They now need to agree on proposals to monitor the dismantling of warheads and to measure the material extracted. Under new procedures devised by the Pentagon, dismantling could take place without revealing warhead designs. The plutonium cores would be put in special containers that would permit the amount of plutonium to be measured without examining the cores.

There are other ways in which the two countries could extend the spirit of cooperation. Moscow and Washington have begun to retarget their missiles so they are not aimed at each other, in effect taking them off hair-trigger alert. That step, however, is too easy to reverse. To further reduce the risk of nuclear accident, they could deactivate all missiles scheduled for dismantling — removing the warheads and storing them separately.

That is already being done for missiles covered by the first Strategic Arms Reduction Treaty but not for those under START-2. While they are at it, Washington and Moscow could do more to broaden military cooperation beyond nuclear matters. This summer's joint peacekeeping exercises in Russia's Volga military district, another first, provide a useful start.

— THE NEW YORK TIMES

Backward in East Europe

Two months before national elections, Hungary's right-center government has sacked 200 radio and television journalists, allegedly for budgetary reasons. It is no accident, to use a locution often heard in Communist times, that those dismissed included Hungary's most popular and independent broadcasters.

Though the post-Marxist regime pretends to denounce the old autocratic ways, its moves against the press are indistinguishable in principle from those under communism. Heading the list of those dismissed are the presidents of Hungarian Television and Hungarian Radio, who were appointed in 1990 with the agreement of all major parties to put the state-owned system under an autonomous corporation, along the lines of Britain's BBC.

New guidelines were instituted to assure independence, vastly annoying the government, which assumed it would get the same favored treatment as its Communist predecessors. In the words of an internationalist government official, Istvan Csukcs: "If these media are the most important power factor, it is justified for the winners of the first free election to gain possession of them." That is the common assumption of all leaders who wish to permanently wield the whip of power.

The Hungarian government was deeply annoyed by live coverage of a Budapest strike, and by the refusal to give a sitting prime

minister exclusive air time before municipal elections. So budgets for broadcasters were savagely slashed, and then Mr. Csukcs trumpeted the charge that many offending journalists were "not Hungarian," a code phrase for Jews in a country where fascism flourished between the world wars.

This was finally followed by mass dismissals. With variations in detail, similar assaults on independent journalism, especially broadcast journalism, are now commonplace in former Communist countries.

Hundreds of broadcasters were sacked in Belgrade after elections in early 1993. In Slovakia, former Communists and their nationalist allies cut budgets and forced the resignation of independent broadcast journalists, whose offense, as the minister of culture puts it, was to give "too much space to the opposition."

Fortunately, these attempts to stifle debate and limit accountability are the focus for impassioned arguments in new democracies.

About 30,000 people joined demonstrations last week in Budapest to protest the purge of broadcasters. A newspaper poll shows that most Hungarians believe the dismissals were inspired by politics and not the result of belt-tightening. Concern is justified. When journalists are fired, starved and forced into exile, it is the first big backward step to tyranny.

— THE NEW YORK TIMES

Let Aristide Strike a Deal

Conditions in Haiti are clearly growing worse. Soldiers have now undertaken another wave of terror intended to stamp out support for the exiled president, Jean-Bertrand Aristide. Dozens of mutilated bodies have been found in the streets in recent weeks. Meanwhile, other countries, in an effort to force the soldiers out of power, have been applying economic sanctions that so far have most hurt the people they are intended to help: Haiti's poor and disenfranchised. Food prices are soaring, the country's rudimentary transportation system has collapsed, and there are widespread reports of malnutrition and even starvation.

Some of Haiti's friends in the United States want to respond to the latest murders with broader and tighter sanctions. But if sanctions work, they will work only slowly, at an unacceptable cost to the health and lives of innocent Haitians, particularly children.

Another idea is to send in troops from the United States or other foreign countries to restore Mr. Aristide, as the country's elected president, to his office. But if foreign troops brought Mr. Aristide home, they would have to remain for a long time to prevent the military rebels from throwing him out again. It is hard to think that a long foreign occupation would be good for democracy in Haiti.

If neither harsher sanctions nor an invasion seems promising, what might work? The U.S. administration says the political alignment inside Haiti may be shifting. Appalled by the bloodshed and the deterioration of the economy, Haitians who are no supporters of Mr. Aristide are said to be ready to enter into an alliance with him and isolate the military commanders responsible for the mayhem.

It is far from certain that this strategy would work. But it may never even be tried. Mr. Aristide is mistrustful of this kind of compromise with his adversaries and suspects it is intended to reduce him to the status of a figurehead. He points out that a similar deal collapsed last year, when the military commanders refused to clear out on schedule. Since the United States and the United Nations organized that deal, he argues, it is up to them to think of another way to return him to Haiti.

That logic, unfortunately, does not lead anywhere. He is the president of the country, and if he does not begin to construct the kind of compromises that can create a coalition capable of government, no one else can do it for him. Amid great suffering, Haiti is waiting for a new political initiative. It can come best from its elected president.

— THE WASHINGTON POST

Other Comment

Tap the 'Apartheid Dividend'

Another event that took place in Bophuthatswana a few days after the battle with white extremists went largely ignored by the media but also has important implications. Nelson Mandela went to Mmabatho, the homeland's capital, and received a hero's welcome. Among those cheering were the numerous civil servants of the former homeland who could support Mr. Mandela because they had been assured they would keep their positions and their pensions. To make a dent in inequalities in housing, medicine, education and infrastructure inherited from white rule, the new government should fire thousands of these civil servants. Eliminating the duplication would be a critical part of the "apartheid dividend" needed to address the

social backlog. But the ANC agreed to protect civil-servant jobs and pensions as part of the price of having to negotiate for power.

Having to keep on so many agents of the old regime will be an enormous financial burden at precisely the time when every last rand will be needed to address social problems. Indeed, the irony that the Africans and whites who worked for and supported President Lucas Mangope until the end will be among the most prosperous in Mmabatho for a long time to come, while those who helped overthrow him will remain poor, will be a permanent source of anxiety for the new government.

— Jeffrey Herbst, an assistant professor of politics and international affairs at Princeton's Woodrow Wilson School, writing in the Los Angeles Times.

In It Together for South Africa

By Anthony Lewis

PRETORIA — There has never been anything exactly like it: an advanced industrial country transforming itself, in deliberate steps, from rule by an elite racial minority to a mass democracy.

That is the extraordinary process now taking place in South Africa, pointing to an election April 27-28 in which the black majority will be able to vote for the first time.

The process produces daily won-

Mandela and de Klerk are political opponents, but both are intent on getting to the election next month, and they will not let differences over the past or the present distract them.

ders and ironies, none more symbolic than the scene in a lofty round chamber of the main government building here the other evening.

Judge Richard Goldstone, chairman of a commission investigating the sources of South Africa's political violence, unveiled an emergency report. In measured lawyer's language it alleged a conspiracy by high police officials "aimed at the destabilization of South Africa."

The report said that the deputy commissioner of the South African police and other career officers secretly supplied a large volume of weapons — AK-47s, mortars, grenades — to the Inkatha Freedom Party, which is boycotting the election. It said they trained killers and ordered murders, including the slaughter of commuters on trains.

President Frederik de Klerk, sitting next to Judge Goldstone, said that he had put the officers mentioned on immediate leave while a new international prosecutorial team looked into the matter further. A reporter asked whether they would be arrested.

"We cannot just arrest a person because his name is mentioned," Mr. de Klerk said. "We have a civilized legal system."

A civilized legal system: in a country where 95,000 people have been detained without trial since 1963, when Mr. de Klerk's National Party introduced the idea of such detentions. Most were detained without any evidence of crime, for political reasons. A large number were held in solitary confinement for months or years. Some, like Steve Biko, were killed.

Mr. de Klerk's answer might, then, have elicited cries of outrage. But Nelson Mandela, leader of the African National Congress, made no complaint about the president's handling of the Goldstone report.

Nor did he say "I told you so," even though he had long charged that a "third force" led by police officials was stirring up violence.

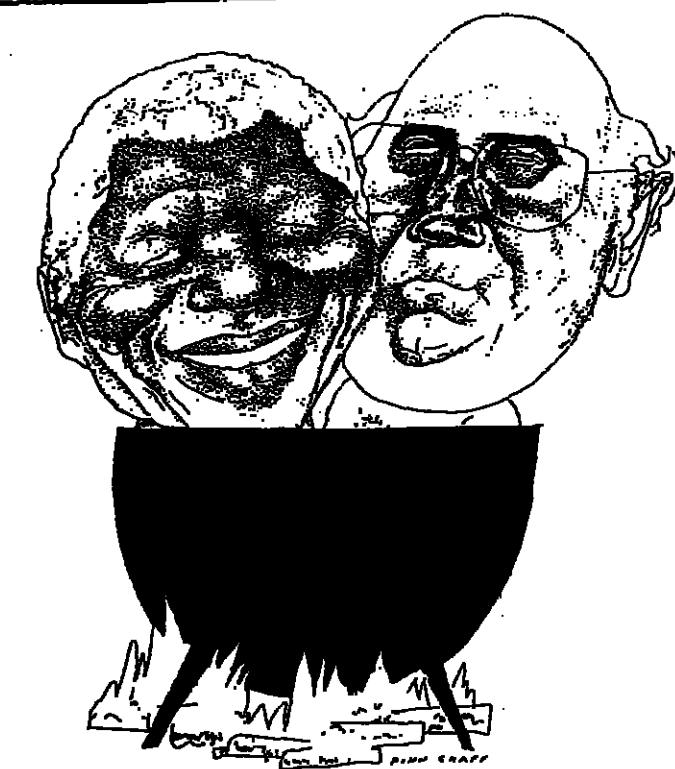
Mr. Mandela and Mr. de Klerk, though political opponents, are united in one fundamental respect in this transitional period. They are intent on getting to April 27 and the election, and they will not let recriminations about the past or disagreements about the present distract them from that goal.

In fact, they are already working together on big questions as if Mr. de Klerk were part of a coalition under Mr. Mandela — as is likely after April 27. Judge Goldstone consulted Mr. Mandela as often as he did Mr. de Klerk during the investigation and preparation of his latest report.

The most dramatic evidence of partnership was the decision to intervene in mythically independent Bophuthatswana when violence erupted there March 10 and 11, and to install officials to run it instead of President Lucas Mangope. That decision was taken by the Transitional Executive Council set up to oversee the government until the election.

Many expected the council to be a facade. In fact it is functioning. One reason is that it includes the two men who successfully negotiated the new constitution, Cyril Ramaphosa of the ANC and Roelf Meyer of the National Party, who became friends in the process.

In a sense, perhaps, that strange scene when Judge Goldstone pub-



By GRAFT in Johannesburg (Inset: C&W Synchro)

lished his report reflected the new South Africa struggling to emerge from the old. For the hope is that from here on South Africa will have a civilized legal system, with a new constitutional court enforcing a detailed bill of rights and police obeying the law.

And after all, President de Klerk's appointment and support of Judge Goldstone represent a commitment to that kind of future.

But first the country has to get past April 27. And there the big hurdle is the man whose Inkatha Party got all those weapons from the alleged police conspirators: Chief Mangosuthu Buthelezi of KwaZulu. Chief Buthelezi is doing his best to sabotage the election and prevent its taking place. The reason is simple: If he takes part in an election, he knows he will do badly.

The New York Times

Asia: Economic Growth and a U.S. Role Don't Guarantee Peace

By Paul Dibb

CANBERRA — Asia is in vogue these days, with pundits East and West proclaiming the dawn of a peaceful Pacific century. Secretary of State Warren Christopher says there has not been a better time for peace in the region in this century.

Such optimism is based on two assumptions. First, that Asia's rapid economic growth and increasing economic interdependence will reduce the reasons for, and raise the costs of, armed conflict. Second, that America will continue to play a key security role in the region, thus maintaining the current balance of power.

But Asia is a region where there are still serious ideological, territorial and religious disputes, historical animosities and the clash of cultures. It is also the world's fastest growing arms market. Defense spending in the region, which is set to outstrip that of Western Europe by the year 2000, exceeds \$100 billion a year.

Growing concern over Pyongyang's nuclear ambitions are just one sign of the spread of nuclear weapons and ballistic missile technology evident in China, India and Pakistan, as well as in North Korea. There are clear signs that several Asian countries are covertly developing chemical and biological weapons or the capacity to make them. Advanced conventional weapons are increasingly being introduced throughout the region.

As the constraints imposed by the Cold War are released and new tensions emerge, a period of change and uncertainty is likely in Asia. And as countries enlarge their military stockpiles,

collective security arrangements are in flux.

Bilateral alliances created in the Cold War are changing. There is new interest in multilateralism. The military buildup is occurring just when alliances are becoming less predictable. There is potential for great change in the regional balance of power as the strategic roles of the United States, China, Japan and India evolve.

In these uncertain circumstances, the interests of the middle powers in the region — including Australia and members of the Association of South East Asian Nations — are likely to be best served by the preservation of an equilibrium between the large powers. The smaller players would feel threatened if any single country appeared set to dominate the region. Their own security and freedom of maneuver is best guaranteed by a system in which the large powers balance each other.

For most countries in Asia, the United States is the key to maintaining a favorable balance of power. It is important to continue to engage U.S. military interest in the Asia-Pacific region. But there is a general view that, following the collapse of the Soviet Union, U.S. security interests in Asia have lessened. Thus the middle powers must do more for their own defense.

America will continue to have important strategic interests in Asia but they will be focused on North Asia — on the Korean Peninsula, China, Japan and Taiwan. Even so, there are doubts

about the strength of America's commitment to this part of the world in the longer term.

China is an ambitious power and its strategic influence will grow over the next decade as its economic strength gives it the means to become a more powerful actor in the Asian security equation. Beijing is the one power with the potential to contend with the United States for regional leadership in the 21st century. Already it has the ability to project military forces superior to those that Southeast Asian nations could deploy to the South China Sea, where there are serious territorial disputes.

Economic nationalists argue that China will never actually use its military forces abroad because it has too much to lose given its increasing dependence on world trade. But when its senior leader, Deng Xiaoping, dies, China will undergo a major political transition that could produce instability at home and more aggressive policies abroad.

The other Asian great powers, Japan and India, do not give cause for such concern. Militarily, they are likely to remain essentially regional powers. And Russia, preoccupied by serious domestic problems, will have few interests in Asia for some years.

Rapid economic growth in Asia will cause changes in political power. If the region can continue for the next 20 years to outgrow the rest of the world, as it has done for the past 20 years, it will account for more output than North America and the European Union combined. By early next century, the Chinese econ-

omy may be larger than that of the United States. Such developments eventually would produce a new correlation of power in Asia and substantially different military possibilities.

As Asia becomes a tougher economic competitor, rivalry and a desire for advantage over others will grow apace. Amid such strategic uncertainties, it is far from clear that Asia will evolve peacefully. Strong historical enmities and rising economic power could well produce a dangerous level of tension.

Imaginative policies are required that focus on the need for multilateral cooperation and military dialogue between the countries of the region, as well as greater economic exchanges. The creation of APEC, the Asia-Pacific Economic Cooperation forum, and of the ASEAN regional security forum, are sensible steps.

To the extent that understanding and constructive contact between military forces in the region can be developed, the chances of miscalculation, surprise attack or any unleashing of nationalist forces will be reduced. But it would be unwise, for now, to take the currently favorable economic and political trends in Asia for granted.

The writer, head of the Strategic and Defense Studies Center at the Australian National University in Canberra, is a former senior official of the Australian Defense Department and director of the Defense Intelligence Organization. He contributed this comment to the International Herald Tribune.

A Difficult Inquiry Into Lithuania's Holocaust Bears Grisly Fruit

By John F. Crossland

LONDON — Amid all the attention being paid to Steven Spielberg's Holocaust film, "Schindler's List," another list, drawn up by the Nazi butcher Karl Jaeger, has emerged from a recently discovered German file in Moscow.

There I found the Jaeger list among closely typed documents, some stamped with the Nazi eagle and swastika, in the so-called Special Archive. Karl Jaeger was the man principally responsible for the extermination of 96 percent of Lithuania's Jews, the highest proportion for any country. The yellow Moscow building houses not only the Jaeger papers but those of more senior Nazis such as General Reinhard Heydrich, head of Reich security, which were carried away by the sackful from Gestapo headquarters in Berlin in 1945.

The Nazis were punctilious about recording genocide — the list breaks down the death roll by execution site and by the victims' sex and place of origin. One entry mentions "two American Jews killed at Kaunas." The date was seven days before Pearl Harbor and 10 days before war was declared, a time when these anonymous Jews were at real risk.

What were they doing that late fall of 1941 in Kaunas (today Kaunas)? "They were doubtless relatives

who had emigrated," said Efraim Zuroff of the Simon Wiesenthal Center in Jerusalem in a telephone interview. "They were caught up while on a rare visit in the German invaders' net." In fact, a third of all Lithuanians are estimated to have settled overseas before World War I, most of them in the United States, and a quarter of the emigrants were Jews.

The subject of Lithuania distressed Mr. Zuroff. "Our investigations are not going well," he said. "Ever since Lithuania became independent, attitudes on the ground there to finding the people who were involved in these crimes has left a lot to be desired."

The center, which has its international headquarters in Vienna, has helped bring many prominent Nazis to justice. But it suffered a double setback over the New Year. First the new Lithuanian government turned down its request to open an office there so that evidence could be gathered in situ, with the help of the Lithuanian legal authorities.

A government spokesman explained the refusal this way: "This Jewish organization applied to investigate when it is for Lithuanians to decide on courses of action. Our lawyers don't know all the facts and there will be no action taken at present."

Mr. Zuroff said, "The Lithuanian government is afraid of the information which will be made public if we are allowed to do research and find witnesses. The nationalist opposition has incredible difficulty acknowledging the role played by Lithuanian collaborators in the mass murder of Lithuanian Jewry."

The second blow was the recent decision of Scottish legal authorities to drop investigations into the wartime role of one of those collaborators, Antanas Gecas, a retired mining engineer living in Edinburgh. Mr. Zuroff contends that there is enough evidence to prosecute Mr. Gecas, who lost a libel case against Scottish Television in 1987 over a program on the activities of Lithuanian police units under the Germans.

The Germans filmed some of the killing fields of their new eastern empire, following Operation Barbarossa, the Nazi invasion of the Soviet Union. We are familiar with the images of the victims, caught wide-eyed with terror, seconds before the fatal volley from their captors. But here, available to the public for the first time, is the chillingly impersonal report of a mass murder of the earliest phase of the Holocaust.

The report is that of Standartenführer Jaeger, commander of Einsatzgruppe 3 and regional head of the Sicherheitsdienst, or Special Security Force. He avoided arrest at the end of the war and worked as a farm laborer near Heidelberg until discovered in 1959. He hanged himself in his prison cell while awaiting trial.

Karl Jaeger wrote to his superiors in Berlin from Kaunas, Dec. 1, 1941: "I am in a position to give you evidence that the Jewish problem has almost been solved here. Today there are almost no Jews left in Lithuania, except the Jews who are working for us."

He puts this number at 34,500 and adds: "I was about to kill these people too but the civil authorities were against it. The Reichsmarschall [Adolf Rosenberg] issued an order not to shoot them."

Such special operations are primarily a question of organization, he says. "The Jews must be driven to one, or to several sites, depending on the numbers, and the distance between the assembly point and the grave should be more than 4 or 5 kilometers."

He continues: "The Jews should be divided into subgroups, 500 in each, and the distance between the groups should be at least 2 kilometers. What hard and nerve-racking work this is for us I will illustrate with this example. In a small place called Rokiskis, 3,000 men were moved 4.5 kilometers to the execution place. To do this job we used 80 collaborators. Sixty were used to drive the trucks and as guards;

the other 20, together with my men, did the shooting itself. We lacked transport and there were numerous attempted escapes, which were stopped by men at the risk of their lives. One team at Mariampol shot 38 Jews and Communists who were trying to escape into the woods."

Standartenführer Jaeger proudly announced that 143 Jewish children

Recently discovered documents describe the extermination of 96 percent of Lithuania's Jews, the highest figure of any country.

had been murdered in Kaunas and 599 in nearby Kedainiai. He praised his "rank and file, who had worked very hard." He concluded: "The Jews who have been kept alive for work should be killed after the winter. I also believe that after sterilization of the male Jews an end will be put to them, and if any Jewish woman gets pregnant she should be killed."

Since the start of Barbarossa, the total number of Jews killed in Lithuania alone was 137,346.

Karl Jaeger's enthusiasm brought him the displeasure of the head of the Gestapo, Heinrich Müller, who in a dispatch of May 18, 1942, said: "According to the OKH [the German high command] in Minsk, 630 Jewish craftsmen were given special protection because of their exper-

tise. Despite their qualifications they were later killed. In future I am asking you to take into consideration the opinions of the Reichsführer SS Himmler and police chiefs not to kill Jews in the same bracket 16 to 32, who are capable of doing work. These Jews must be sent either to concentration or labor camps."

In the same captured files I discovered evidence that Reichsmarschall Hermann Göring, far from "never having decreed the murder of a single individual" as he claimed at Nuremberg, was a prime mover in the earliest stage of the Holocaust, a year before the plan for the elimination of Europe's Jews was drawn up at the Wannsee conference.

The darker side of this top Nazi is revealed in a 12-point memorandum, drafted by General Heydrich on March 26, 1941, after a meeting with Reichsmarschall Göring to discuss the exploitation of conquered Soviet territory after Barbarossa. Above his signature, General Heydrich wrote this: "The Reichsmarschall said that the troops should be warned about the danger of the OGPU, the political commissars, the Jews and so on. The soldiers should know who to put up against the wall and shoot!"

The whole truth about what happened in Europe must be revealed. Thus the interest in being given access to witnesses of the Lithuanian Holocaust — one of the last unresolved and unexplained chapters of a story of which the world is once more being reminded.

The writer is a British journalist and archivist. He contributed this comment to The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Corean Conspiracy

NEW YORK — According to mail advices received in San Francisco from Corea, a plot has been discovered to blow up the King and his Ministers, and to overthrow the government. Twenty-seven conspirators have been arrested and will be executed in order, it is said, to prevent them making revelations regarding some high State dignitaries who are involved in the plot.

1919: Tension in Siberia

WASHINGTON D.C. — Washington officials are much disturbed over continued reports of anti-American agitation in Siberia, much of which is ascribed to Japanese agents. The situation is recognized as having an element of danger to the friendly relations between the United States and Japan. There is no hint of actual disagreement between the two Governments, but representatives of the old war party, which was displaced

by the present Japanese Administration and who are now active in Siberia, have brought about a certain degree of tension. So far there has been no official cognizance of these alleged anti-American activities but conditions are such that serious complications may arise at any time.

1944: Patton Replaced

ALLIED HEADQUARTERS, Naples — [From our New York edition:] Major General Alexander M. Patch Jr., hero of Guadalcanal, today [March 21] was named commander of the United States 7th Army, formerly commanded by Lieutenant General George S. Patton Jr., who was rebuked by General Dwight D. Eisenhower for cutting a shell-shocked soldier in a Sicilian hospital last summer. Patton's new assignment was not announced, and there has been little news of the activities of the colorful tank warfare expert since the affair of the ill soldier was made public last November.

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مكثامن التحصيل

OPINION

Say It Ain't So, Chairman, And Let Whitewater Flow

By William Safire

WASHINGTON — Eight members of the great Chicago White Sox team had just been indicted for conspiring with gamblers to throw the 1919 World Series. A young fan, tears in his eyes, ran up to Shoeless Joe Jackson and pleaded: "Say it ain't so, Joe."

I feel that way about the House banking committee chairman, Henry Gonzalez, a Democrat of Texas. He was my hero. For years, while Beltway elitists joined bankers' lobbyists to scoff at his ponderous style, I admired his courage in taking on the titans of the executive branch and the regulatory agencies.

Long before the Banca Nazionale del Lavoro affair blossomed into the Iraqgate scandal, it was Mr. Gonzalez who saw through the flimflam of the U.S. attorney in Atlanta. Chairman Gonzalez, droning on late at night to an empty House chamber, put into the Congressional Record evidence of the Justice Department's connivance in silencing inquiry into President George Bush's misbegotten financing of President Saddam Hussein of Iraq.

That was during a Republican administration. Surely, I thought, when the moment came for investigation into the savings and loan debacle and abuse of federal power in discouraging and "monitoring" of criminal referrals of bank regulatory agencies, Chairman Gonzalez would see his nonpartisan duty and lead the way in Whitewater, no matter what the pressure from Democratic satraps.

Last month, as evidence mounted of White House and Treasury meddling in a banking prosecution — and as the need for the banking committee's oversight be-

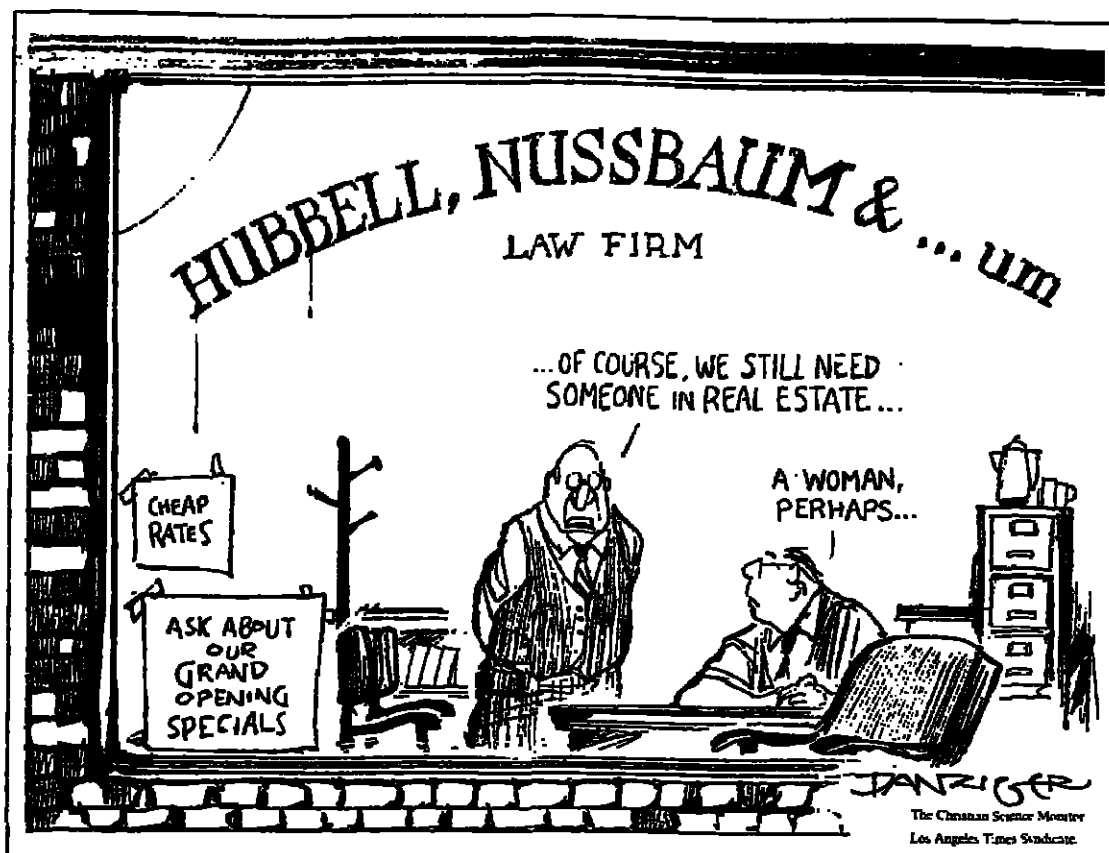
came urgent — I called my frequent source and asked: Henry, where are you? "As soon as I see some legislative purpose to hearings," he promised, "I'll hold them." Pressed about the oversight responsibility of his banking committee, Mr. Gonzalez pointedly noted that "several crack staffers" from the Republican minority were hard at work and he would study their findings. I wrote re- sponding: Henry might not be in the forefront, but would do the right thing.

What a foolishly idealistic pundit am I. That was before staffers working for Representative Jim Leach, the soft-spoken Iowa who is the banking committee's ranking Republican, began hitting pay dirt about the costly manipulation of Madison Guaranty Savings & Loan by the Clintons' lawyers and partners.

At that point, Henry the Unstoppable was transformed into Henry the Stopper. Nothing is subtle about the Gonzalez stonewalling. Never in the history of the U.S. Congress has there been such a blatant effort by a committee chairman to protect the White House by strangling a needed investigation in its crib.

Hearings? Henry won't hear of them. Although he cannot block the lawfully mandated semiannual oversight hearing of the Resolution Trust Corp., he insists that all the witnesses be jammed into a single day on Thursday of this week. When Mr. Leach offered to postpone this hearing a few weeks to accommodate the nonindependent counsel's desire for first bite at the testimony apple, Henry said nothing doing: one day now or never.

Worse, by notifying administration witnesses called by Mr. Leach that they



do not have to cooperate, he undermines the House's power to check the executive branch. This is unprecedented partisanship, probably against House rules, but the Democrat in the speaker's chair, Tom Foley, isn't enforcing rules that might embarrass Democrats.

Who is this Leach? He's the last of the Rockefeller-Javits Republicans, a pariah at national conventions; yet this unrec- onstructed moderate is shrilly denounced as politically motivated by Clinton cron-

David Wilhelm, the Democratic National Committee's pit chairman.

Henry, listen to your longtime admirers: You are turning Thursday's hearing into a televised trial of the Democratic stonewall. Every time Mr. Leach asks a searching question, and you rule it out of order or not germane, that will infuriate the watching public. Every wrongful rap of your gavel will drive a nail in the administration's coffin.

Repent before it's too late. Don't fall

for "unless it's criminal, it remains se- cret." Remember Shoeless Joe, acquit- ted by a jury, but driven from the play- ing field forever by the overseer demanded by the fans.

Do not bring shame and obloquy on the good citizens of San Antonio, and on Clinton voters everywhere, by exchange- ing your hard-earned reputation as fear- less maverick for the shoddy shield of partisan hypocrisy. Say it ain't so, Henry.

The New York Times

From 2d-Floor Potting Soil To Our Half Acre of Eden

By Linda Angeloff Sapienza

FORT WASHINGTON, Pennsylvania — Be careful what you wish for. You may get the half-acre lot where all of your gardening fantasies are meant to come true. How many apartment dwellers have dreamed of working the same magic outdoors that they do in small spaces, knowing they possess skills that far surpass the limitations of the win- dowsill and balcony?

What a thrill to decide where to put a tree, or what to plant in the vegetable

us, its brightly colored, bushy leaves on the side facing the sun. The plant's "good" side lent elegance to dinner parties if turned toward the interior a few minutes before the guests' arrival.

Long after the guacamole is eaten, the supermarket avocado seed sits in a water glass, held up by toothpicks until it takes root. The resulting skinny stalk with its three large shiny leaves proves to be the most accurate indicator of when to wa- ter the houseplants. Its tendency to droop at a moment's notice is legend.

As we become more sophisticated about apartment gardening, we come to appreciate the absence of pests and guard our plants from any outside vege- tation. The 99-cent-special houseplants outside the grocery store are not to be trusted. And if an infested plant is dis- covered next to our carefully tended African violets, tossing it away is easier than treating its affliction.

We learn which flowers can grow in- doors, and have mild successes with ger-aniums and impatiens. The balcony is the perfect place to watch over summer blooms: Its small size assures that any wilted flowers will be promptly noticed, then pinched off to encourage replace- ments. Border plants, like bright red sal- via, work well even when the only avail- able space is the border between the kitchen chairs and the street below.

This is the knowledge I bring to the half-acre. Is it any wonder that I'm plan- ning the houseplants first?

Spider plants and philodendrons grow to immense size in southern Mexi- co, but we don't often see them in East Coast front yards. The outdoor colors can't be turned in the direction of ap- proaching dinner guests, and avocado plants are quickly dwarfed by fast-growing weeds. The pinching-off process goes a lot slower when more than six flowering plants are being observed.

And then there are caterpillars, aphids, whiteflies and neighbors — neighbors who will know if the new guy can't control pests. And bees! Just how does one share space with them?

My blank canvas is turning into a nightmare. What if the misplaced tree grows 10 feet (3 meters) over a single summer? Or if the vegetable patch yields not a single zucchini? Don't squirrels eat everything in sight? How are they kept away from the bird feeder?

A landscape architect's help seems logical. Unfortunately, all funds not funneled into rent over the years went into the down payment for the half-acre.

The stonemason left a few pieces of golden-vein granite in the backyard, perhaps sensing that we are new at this stuff. Maybe a rock garden is the answer ... and a gazing globe. I have found a perfect corner for the ficus.

LETTERS TO THE EDITOR

Russia's Helping Hand

Regarding "A Modest, Fragile, Partial Success, but Still a Success" (Opinion, March 15) by William Pfaff:

To call President Bill Clinton's latest initiative in the Balkans "a significant foreign policy success" is being ex- cessively generous. To deplore the Euro- peans' failure to conduct an effective for- eign policy in the Balkans as a political "inability" is being lavishly forgiving.

All of this does not mean that one should belittle what recent progress has been made. But history will condemn the West for having been a bystander when the worst violation of human

rights and international law since the Holocaust was being perpetrated.

And has it not been President Boris Yeltsin's belated intervention in Bosnia that brought the Serbs to their senses? One wonders why Poland, Hungary, Slovakia and the Czech Republic are so keen on joining NATO when it's good old Russia that seems to achieve the so- called breakthroughs.

KARL H. PAGAC,
London.

Japan and Plutonium

Regarding "Taking 2 High-Tech Hits, Japanese Bow to Reality" (Feb. 23):

The Atomic Energy Commission of Ja- pan is deliberating over the revision of the long-term program for development and utilization of nuclear energy, taking pub- lic opinion into consideration. The pro- gram has generally been revised about every five years, and the latest one is the result of a revision in 1987.

During the six years since then, there have been some delays in the programs

for the demonstration fast-breeder re- actor, the commercial reprocessing plant and so forth. These delays are part of any technological development, and are a result of our policy of main- taining the proper supply and demand balance for plutonium, based on the principle that Japan should have no more plutonium than necessary, that is, no surplus.

David Sanger's assertion that these delays are the result of Japanese bowing to overseas pressure is inaccurate.

YASUTAKA MORIGUCHI,
Science and Technology Agency,
Tokyo.

Media Missing the Point

I continue to be amazed by how far from the mainstream of America the news media have strayed. The media contended that Americans were con- cerned about Bill Clinton's avoidance of the draft. It never occurred to the patriots who control the front page that the vast majority of men during the

Vietnam War had only one thing on their minds: how to avoid the draft. Mr. Clinton did what millions of others did (including Dan Quayle).

Second, more than 65 percent of American married men (a smaller per- centage of women) have had or will have at least one extramarital sexual expe- rience. Voters did not think Mr. Clinton's private life mattered.

Third, the Whitewater details seem to indicate activities that are pretty com- monplace in the U.S. business world. At least Mr. Clinton lost money on the deal.

ERIK H. THORESON,
Alesund, Norway.

Speaking of Japanese

Regarding Christopher Lehmann- Haep's review of "On Familiar Terms: A Journey Across Cultures" (Books, March 3):

I was shocked to read in this review that "after Pearl Harbor, he [the author, Donald Keene] learned that he was among only 50 Americans who spoke

Japanese." What about the Japanese- speaking Japanese-Americans?

MARLAN CARLSON,
Sierra, Italy.

Editor's note: The same review appeared in The New York Times, which a few days later printed a correction stating that the review "included an incomplete paraphrase of one recollection by Mr. Keene about the aftermath of Pearl Harbor and the number of Americans who spoke Japanese then. Mr. Keene wrote, 'Soon after the outbreak of war, I heard a radio broadcast to the effect that only 50 Americans knew Jap- anese. This was absurd: There were hun- dreds of thousands of Japanese-Americans who knew Japanese.'"

Better Than Gridlock

Regarding "Wheels in Singapore" (Letters, March 15):

J. Everett Blackworth claims that by restricting car ownership, the Singapore

government is "depriving citizens of ba- sic rights which many consider inalien- able." Can he name any country whose constitution guarantees the inalienable right to own cars?

Of Singapore householders, 31 per- cent own cars, higher than the propor- tion in Hong Kong. High automobile taxes in Singapore are compensated for by low personal and corporate taxes.

Overall, Singaporeans pay lower taxes than the citizens of most developed countries. This policy is imposed not by the "elite," but by a democratically elected government which must face the voters every five years.

Nobody likes to pay high car taxes. But when the alternative is what has happened in New York, Los Angeles, Bangkok, Taipei and Seoul, high car taxes are the least objectionable and the most effective alternative to gridlock.

TOMMY KOH,
Singapore.

The writer is a former Singapore ambassador to the United States.

Ms. Sapienza is a writer and illustrator. She contributed this comment to The New York Times.

T2 Class Champion

1994 Paris-Dakar-Paris Rally

1993 Pharaohs Rally

1993 Baja Aragon Spain

1993 Baja Portugal

1993 Baja Sardinia

1993 Atlas Rally

1993 Rally of Tunisia

1993 Paris-Dakar

Credentials

The Mitsubishi Pajero's long list of T2 class victories proves the durability and driveability of Mitsubishi cars on the highway

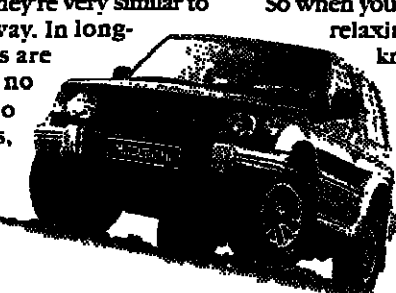
Under the harshest conditions, a Mitsubishi does more than survive; it conquers. The Pajero's record in the T2 class at rallies proves it.

T2 cars are regular production vehicles with only basic modifications for racing. They're very similar to the cars you see on the highway. In long-distance rallies, these T2 cars are pitted against conditions no ordinary driver should have to endure — blinding sandstorms, bone-chilling snow, searing heat.

Only an extremely durable vehicle can thrive under such

trying conditions. The Pajero's long list of victories shows the strength and reliability of our technology — the same technology found in Mitsubishi vehicles on highways all over the world.

So when you drive a Mitsubishi, you can just enjoy a relaxing cruise. You don't have to conquer knee-deep mud, treacherous ice at high speeds or mysterious unmapped courses in the Sahara Desert. We've already done it for you. But you always have that option.



MITSUBISHI PAJERO
In some countries the Mitsubishi Pajero is called the Montero.



CREATING TOGETHER

China's Savage Sand

For decades while China was mired in the 1980s, however, trouble was brewing. The Chinese National Petroleum Company, which produced the bulk of China's oil, was nearing peak production. Total output would soon decline. China doubled its gasoline use in 1980 and 1988.

These developments led to a leap in thinking. In the early 1990s, China decided to open its onshore oil industry to foreign investment.

The richest target for joint enterprise was the Xinjiang oil fields. Located in a remote area of Xinjiang province, the area is bordered on the west by Pakistan and the north by the Soviet Union. To the east is the relatively sparsely populated province of Qinghai.

A pipeline carrying the oil will lead to the east, making a 2,000-kilometer journey across China to a seacoast.

These geological features of the Xinjiang oil fields are the high number of gas wells. The Xinjiang oil fields are the richest in China. They are the richest in China. They are the richest in China.

Into a New Orbit

to the Incubator project. But that was not the end of the satellite. It was a one-way link, good for carrying mobile radio and linking people with the

Televised system eventually took shape. It would require people to be at a fixed location. The communication system would be much more complex. It would require a lot of money. It would require a lot of money.

most astonishing feature of the Tokyo is the high number of gas wells. The Tokyo is the richest in China. They are the richest in China. They are the richest in China.



Eiko Ishioka, an Oscar-winning designer, refuses to "stay in the same place."

Dressing Up the Movies

By Andrea Fornes

TOKYO — Eiko Ishioka feels as though her eyes are becoming blue. The Japanese designer, who won the Oscar in 1993 for best costume design in Francis Ford Coppola's movie "Bram Stoker's Dracula," is coming to a new understanding about her country.

"I am becoming more like a gaijin," she says, using the Japanese word for foreigner. "I used to get upset with foreigners because they couldn't look at modern aspects of Japan. Now, like them, I spend my time and money with Kabuki, shiatsu, ikebana, temples, tea ceremony and onsen [hot-spring baths]."

Ishioka lives in Japan half the year but does most of her work abroad, where, she says, there are more talented film and stage directors. "I love the challenge to collaborate with very important people because I want to study more and more. Of course, I have had offers to work as a set and production designer for Japanese, but when I've considered the director and the story I've said: 'I'm sorry but I don't want to do it.'"

The development of Ishioka's alien perspective got its start in 1983 when she worked as a production designer for "Mishima," a film about the Japanese writer Yukio Mishima that was directed by Paul Schrader and produced by Coppola.

"It was a disastrous experience. I started to hate this country. I saw the negative character of Japanese," Ishioka said. Mishima's widow, along with Japanese journalists, movie directors and rightists, had worked to prevent the film's being shown in Japan. At the time I felt ridiculous. I felt Japanese people were dead."

Fortunately, Ishioka's rebellion against her homeland coincided with the release of "Eiko by Eiko," a collection of her works as a graphic designer. The book, published in English and Japanese, extended her reputation to America and Europe.

It showcased her best creations, including campaigns for the department store Parco that featured Faye Dunaway and Dominique Sanda, as well as Japanese posters for Coppola's "Apocalypse Now" and the cover of "Story," a six-record album of Miles Davis's music. The book also included posters for Issey Miyake's fashion shows and package designs for Japanese seaweed.

Calls started coming in from abroad. "Some of the producers and directors had enormous courage to hire an outsider like me," she said.

Ishioka formed a close bond with Coppola, who like herself, refuses to "stay in the same place, to try again and again the same thing." Coppola had similar praise for her designs for "Dracula." "By bringing in Eiko I knew I was insuring that at least one element — the costumes, which were so important in my scheme of the production — would be completely atypical, absolutely original and unique," he said in the book "Coppola and Eiko on Dracula."

Coppola's appreciation of Japanese culture was based on familiarity with Kabuki. Noh and Bunraku, she said. Nonetheless, he embraced the designer's work, even though it was only abstractly related to these traditions.

"Why did Francis want to get Eiko?" she began, using the third-person voice maintained throughout an interview. "He explained to foreign journalists he wanted Eiko to get the Kabuki style. But I never felt I could develop the Kabuki style. I developed Eiko style. Once we started working together he never asked me to create Kabuki style."

In a way, though, what Ishioka delivered was Kabuki, where, as Coppola describes, "Each element comes forth to tell the part of the story that it is best suited to tell."

In "Dracula," development of the characters is reflected in the costumes, which turn from innocent to evil as the story progresses. Ishioka's work had won critical acclaim even before "Dracula." She received a Grammy for the best album design for Davis's 1987 record "Tutu."

In 1988, her scenic and costume design for "M. Butterfly" at the Eugene O'Neill Theatre in New York also won several awards.

After receiving the Oscar, she got invitations to work in four Hollywood productions but turned them all down.

"They were all similar and very superficial work by people who don't understand my deep core," she said. "They thought I could design costumes for horror or ghost movies like 'Batman' and 'The Adams Family.' But I refuse to be labeled. I always want them not to understand who Eiko is."

She likes to confuse even her friends, refusing to disclose her age and whether she is married or has children.

The only personal information she offers in an interview is that her most recent project has been to organize an office, described as cluttered with books and sketches, and that her free time has been spent visiting museums and dining with friends.

Among the proposals she is evaluating are two American film projects, three stage productions and two books, one an essay about her life and the other a collection of recent works.

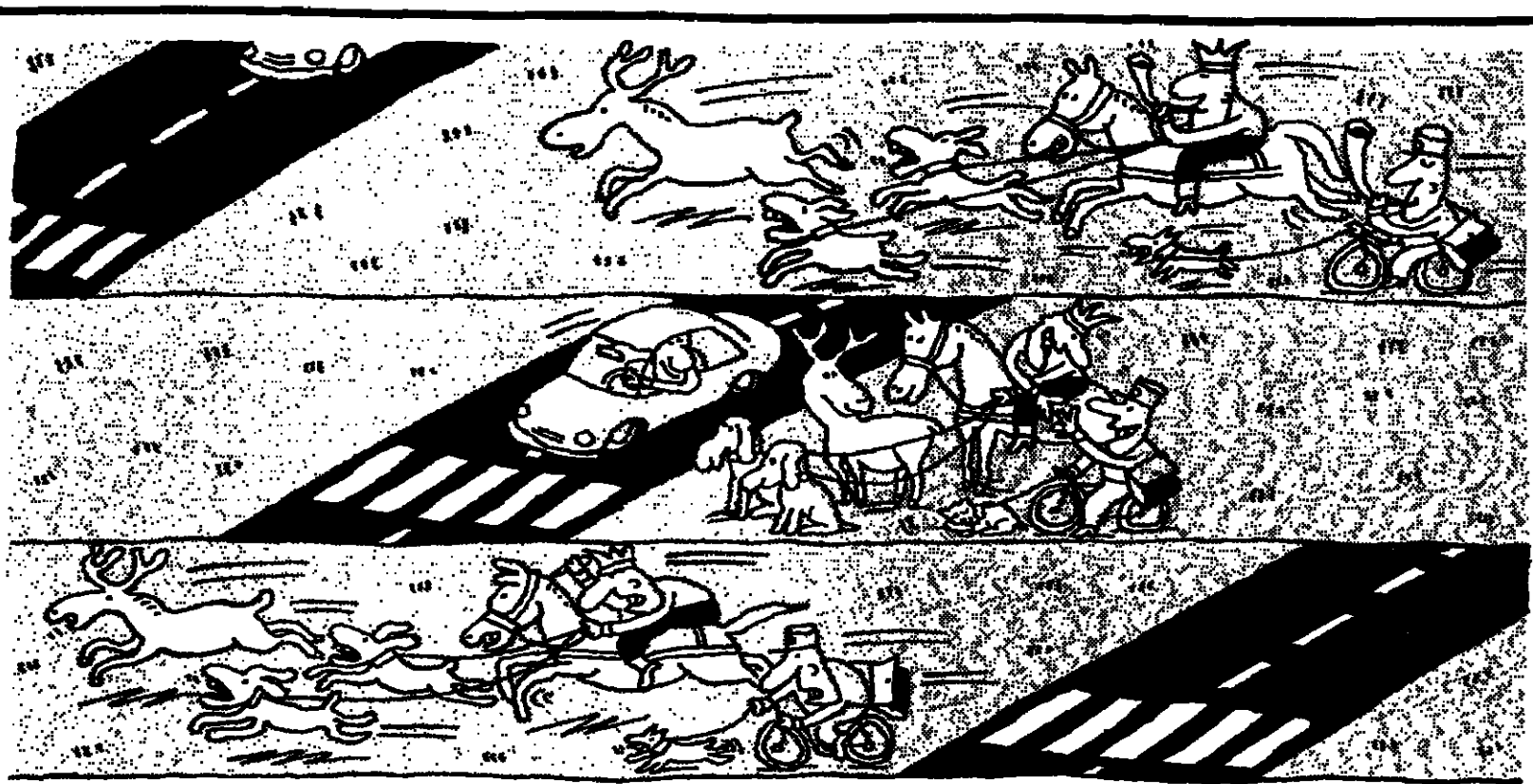
She is also preparing for several lectures.

"Japanese invited me to lecture, to hear how I became internationally known as a Japanese artist. But they have the freedom and the money to do the same. So why don't they?" she asked.

"Perhaps one reason is that they are not hungry. But I am hungry and angry most of the time, and that makes me stronger, more creative and passionate."

Andrea Fornes is a Tokyo-based journalist.

Style



Riding to Hounds: Jewelers and Mailmen

By Jean Rafferty

PARIS — The echo of a hunting horn in the crisp forest air, the glimpse of a graceful stag leaping through the underbrush, the baying of the hounds and then the flash of red-coated riders in hot pursuit. To the weekend promenader, riding to hounds, known as *chasse à courre* in France, may seem as anachronistic as the ancient regime, when stag hunting was a royal privilege.

The reality, according to the French sociologists Michel Pinçon and his wife, Monique Pinçon-Charlot, is very different. In their recent book, "Chasse à Courre," they say that after a three-year investigation they found that, far from being a pastime indulged in by a few, the hunt has never been more popular nor possessed a wider following. Not all hunting aficionados are hunters; the Pinçons report that an estimated 50,000 people in France are regular observers. The Pinçons also came to defend a sport that is highly controversial.

"We went from surprise to surprise," says Monique Pinçon. "The first was the social mix: dukes and bankers with street sweepers and postal workers. The two extremes of society that have everything separating them come together deep in the forest united by a mutual passion for the hunt." She adds: "It is a social situation rare enough to interest the sociologist."

The Pinçons decided to study the chase à courre while working on two previous books, investigations of smart Parisian neighborhoods.

Outlawed in Germany and Denmark, violently contested in Britain, the *chasse à courre* came close to being banned in parts of France 10 years ago.

The Pinçons began their investigation believing "what everyone told us, that the hunt is practically finished." They found, however, that the hunt is thriving with the number of registered hunters up from 218 in 1914 to 381 in 1991. Twice a week from October to the end of March, almost 60,000 French men and women head for the forest to hunt with a pack of hounds. The most glamorous equipages, dressed in jackets of their hunt colors and mounted on horseback, hunt the stag to the trumpet of hunting horns. Others pursue female deer, foxes, wild boars or hares on horseback, by bicycle or on foot.

Hunting stags is the most expensive, not surprisingly. Members' subscription to the Bonnelles, which hunts in the Rambouillet forest west of Paris, was 22,000 francs (about \$3,800) a year in 1993. Add 15,000 to 30,000 francs for a saddle horse plus almost 3,000 francs a month upkeep, along with 15,000 francs for riding equipment and wardrobe and it's not surprising that Bonnelles members have names like the perfumer Guerlain. Hunt master Alain Dauchez is part of the Mellerio dynasty, Parisian jewelers since 1516.

Hunting hares, on the other hand, is done on bicycle or foot with fewer dogs and a lower annual subscription (about 2,500 francs), and it is among the hunts of smaller animals that the major expansion

in hunting with hounds has taken place. The Pinçons, who attended more than 50 hunt meetings, discovered a ramified world of ritual. An insider's vocabulary, the code of the hunting horn fanfares and strict rules of hunt courtesy (there is a protocol guide to help neophytes) bind members (called *boutons* for their distinctive hunt buttons) and followers into a close-knit circle of initiates.

They found that one of the choicest hunts, the Bonnelles, attracted a large number of devoted and knowledgeable onlookers, since following the event is free. Riding to hounds, say the Pinçons, "is doubtless the only form of hunting where, as long as he doesn't hamper the work of the pack, every spectator is welcome." Bonnelles' followers range from postmen to professors, nurses from the nearby hospital to Paris taxi drivers. "After the hunt, everyone speaks to everyone else," says Dauchez. "It's a wonderful chance to meet."

And when followers are hunt connoisseurs like the Rambouillet postman who appears in the book as Gérard Cavallade, they find doors open socially all over the hunting world. "You are a member of a family, recognized as a part of the hunt," he says. "When I visit small hunts in the country, I'm greeted as if I were the president of the republic!"

In the morning before the meet, the master scouts the stag to be hunted by "working the woods." With a specially trained silent dog, he picks up the trace of a suitable stag, determining the sex and age of the animal by only a hoofprint, perhaps, and a broken branch. "It's an extraordinary moment, there is something very mysterious and impressive how he can read the earth and between the leaves where I see nothing," says Monique Pinçon.

THE hunters then rendezvous at a clearing. After a report on the animal's whereabouts, a "Bien-aller" or "Let's Go" is sounded on the horns, the pack picks up the scent and the hunt is on.

"It is difficult to explain that one loves the animal and one kills him," says Cavallade. Dauchez points out that the culling is strictly controlled. "We have a quota, between 25 and 30 out of 600 stags."

"The drama being played out in the forest is the drama of life," says Monique Pinçon. "The idea of nature includes life and death. In our society, death has been pushed aside, one mustn't speak of it. Even in our food, there is no trace of the living animal, just fish fingers, pieces of chicken wrapped in plastic. Our society is very hypocritical about death. Death by car accidents doesn't shock at all, but death in a hunt provokes a violent sentiment."

Like many of the friends postman Cavallade has introduced to the hunt, the Pinçons seem won over to the cause. "The *chasse à courre* couldn't be more contemporary," they say. "It is traditional, but full of vitality."

Jean Rafferty is a Paris-based journalist who specializes in design and lifestyle.

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Monday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect site trades elsewhere. *Via The Associated Press*

12 Month																					
High	Low	Stock	Div	Yld	PE	\$S	100%	High	Low	Latest	Chg	High	Low	Latest	Chg	High	Low	Latest	Chg	High	Low

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一、關於「中國共產黨」之組織
 二、關於「中國共產黨」之綱領
 三、關於「中國共產黨」之政策
 四、關於「中國共產黨」之宣傳
 五、關於「中國共產黨」之紀律
 六、關於「中國共產黨」之財政
 七、關於「中國共產黨」之教育
 八、關於「中國共產黨」之文化
 九、關於「中國共產黨」之體育
 十、關於「中國共產黨」之藝術
 十一、關於「中國共產黨」之宗教
 十二、關於「中國共產黨」之社會
 十三、關於「中國共產黨」之國際關係
 十四、關於「中國共產黨」之未來
 十五、關於「中國共產黨」之總結

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12 Month									
High		Low		Stock		Div		Yld	
Per		Share		Per		Share		Per	
High		Low		High		Low		High	
1	2	3	4	5	6	7	8	9	10
11	12	13	14	15	16	17	18	19	20
21	22	23	24	25	26	27	28	29	30
31	32	33	34	35	36	37	38	39	40
41	42	43	44	45	46	47	48	49	50
51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70
71	72	73	74	75	76	77	78	79	80
81	82	83	84	85	86	87	88	89	90
91	92	93	94	95	96	97	98	99	100

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12 Month High Low Stock	Div	Yld	FE	100%	5a High	Low	Lateral
1974-1975							
1975-1976							
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2040-2041							
2041-2042							
2042-2043							
2043-2044							
2044-2045							

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品名	單位	數量	價格	金額
一、二、三、四、五、六、七、八、九、十、十一、十二、十三、十四、十五、十六、十七、十八、十九、二十、二十一、二十二、二十三、二十四、二十五、二十六、二十七、二十八、二十九、三十、三十一、三十二、三十三、三十四、三十五、三十六、三十七、三十八、三十九、四十、四十一、四十二、四十三、四十四、四十五、四十六、四十七、四十八、四十九、五十、五十一、五十二、五十三、五十四、五十五、五十六、五十七、五十八、五十九、六十、六十一、六十二、六十三、六十四、六十五、六十六、六十七、六十八、六十九、七十、七十一、七十二、七十三、七十四、七十五、七十六、七十七、七十八、七十九、八十、八十一、八十二、八十三、八十四、八十五、八十六、八十七、八十八、八十九、九十、九十一、九十二、九十三、九十四、九十五、九十六、九十七、九十八、九十九、一百

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Continued on Page 19

هكذا من الأصل

March 21, 1994

The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (t) fortnightly (every two weeks); (r) - regularly; (t) - twice weekly; (m) - monthly

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MALAYSIA

POWERHOUSE OF THE '90s

With economic growth running at 8 percent annually, Malaysia is quickly gaining ground among Asia's developing economies. Current estimates predict that the per capita income of Malaysians, who currently number 18.4 million, will increase eightfold in the period from 1990 to 2020.

FAST-FORWARD FOR ECONOMY

Malaysia, its economy expanding at a steady clip, is confident of catching up with the industrialized West by the year 2020.

Once a splendid mansion, the Coq d'Or on Kuala Lumpur's Jalan Ampang boulevard is favored by those who rate restaurants on atmosphere, not cuisine. Six years ago, so deep was the recession that some nights one could dine in this

The debt-service ratio is only 2.4 percent

palatial canteen all alone. These days, patrons must book or stand in line – and sometimes both. The recession over, Malaysia has sped into prosperity.

Turning up late for a recent lunch date at the Coq, a business tycoon jumped out of his Jaguar and offered this excuse: "Sorry, it's the traffic – a side effect of our success." That just about sums up Malaysia in 1994: a country with growing pains, but confident that its progress is unstoppable. Such assuredness is understandable, given Malaysia's record. "You can't argue against success – and it's our success that makes us so confident about the future," says Kuala Lumpur businessman Lim Kok Wing.

Malaysians are so confident that they have set themselves the goal of becoming a fully developed country by the year 2020. The way to get there is to achieve an average annual growth rate of 7.5 percent for the next 30 years. Easy, say those who drafted Vision 2020, a national mission statement issued in 1991. If the vision comes to pass, Malaysians will be four times richer in 2020 than they are today.

So far, things are going swimmingly for Vision 2020. Economic growth, above 8 percent for the seventh year running in 1993,

should hit 8.2 percent this year. The rate of inflation, expected to be held below 4 percent again this year, will show once more that the government has mastered the difficult trick of keeping prices steady in a fast-expanding economy.

If, as expected, the current account of the balance of payments registers a healthy surplus this year, claims that the economy has been allowed to overheat will again be proven false. Says a senior Finance Ministry official: "If we pushed the right levers, we could make the economy go even faster. But what we are after is sustainable development. We believe we are achieving that with a growth rate of 7.5 percent to 8 percent."

Some still worry about economic machismo: Is Malaysia risking everything it has achieved in a desperate gamble to catch up with the West? Nonsense, say the pundits at the Finance Ministry. If proof of Malaysia's prudence, indeed conservatism, is required, it is there on the balance sheet. Central bank reserves are larger than the country's foreign debt.

The debt-service ratio, which measures the value of annual exports against the cost of servicing the national debt, is only 2.4 percent. This compares with the 20 percent that the World Bank says is acceptable for a fast-developing economy like Malaysia's. Little wonder that bankers engage in a mad scramble on the few occasions that the government asks to borrow money.

What is the secret of Malaysia's success? Being at the epicenter of the world's most dynamic region helps: Malaysia is the only member of the Association of South East Asian Nations that shares a border with all the rest – Brunei, Indonesia, the Philippines, Singapore and Thailand. Having lots of space and plenty of natural resources also helps; Malaysia's population density is one-quarter that of Singapore and half that of Thailand.

Mix potent comparative advantages with clever government policies and you have an unbeatable formula, says Mahathir bin Mohamad, prime minister since 1981. He likes to put it this way: "Wages may be lower in other countries, but the kind of political stability and predictability of government policies in Malaysia is something that most other countries cannot offer."

Investors like low wages, but they like stability and predictability better. Malaysia, a country with just 19 million people, has become a location of choice. According to the World Bank, between 1989 and 1992, the country attracted \$12.1 billion in foreign direct investment, the third-highest rate after China and Mexico.

Malaysia is not an easy country to manage. With Malays making up 60 percent of the population, Chinese 30 percent, Indians 10 percent and all major religions represented, it could be a volatile mix. But the country's peculiar brand of race-based politics has taken hold. In fact, so successful has the Malaysian model been that the World Bank considers it could be adapted for use in South Africa.

Some call Mr. Mahathir's political style "soft authoritarianism" and some call it "hard democracy." Whatever it is called, his brand of strong government goes down well with the electorate. Through regular and democratic elections, the same government has held power since independence in 1957.

Within the next 18 months, there must be a general election. The ruling National Front is a coalition of Malay, Chinese and Indian parties that Mr. Mahathir's United Malays National Organization (UMNO) dominates. The coalition is tipped to improve on the two-thirds majority in Parliament it won in the 1990 poll.

"We will do better this time, because the leadership question within UMNO has



MALAYSIA'S CHANGING FACE

• In 1970, 26.8 percent of Malaysia's population lived in urban areas. By 1992, this figure had increased to 45 percent.

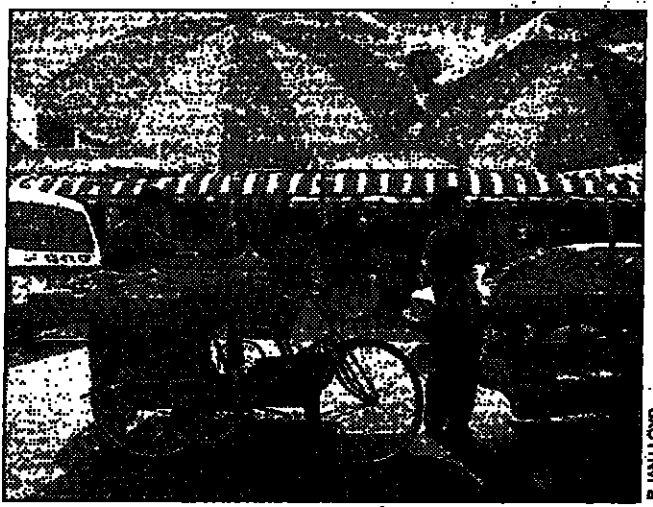
• Malaysia's estimated urban growth rate for 1990-95 is 4.3 percent, faster than India and on a

par with Indonesia, but slower than China and Cambodia.

• Infant mortality decreased from 16.5 percent in 1985 to 12.5 percent in 1990. Only Singapore has a lower rate among Southeast Asian countries.



The growth of white-collar jobs and a thriving auto industry are supplanting Malaysia's traditional agricultural economy.



been resolved," says Mr. Lim. Late last year, in a no-holds-barred contest, Finance Minister Anwar Ibrahim became Mr. Mahathir's understudy at UMNO. This made the 46-year-old former student leader his country's deputy prime minister – and the favorite to succeed Mr. Mahathir, a 69-year-old former country doctor.

The way others see it, stability is what you get when you handle the economy properly: it is a result of good economic management rather than a prerequisite for it. "An open economy, that's the key," says Tan Keok Yin, the chief executive officer of the Federation of Malaysian Manufacturers.

Malaysians are happy to discuss the reasons for their success, to weigh this factor against that one and argue about strong government versus liberal democracy. A pleasant place for debate is the Coq d'Or restaurant – but leave lots of time to get there.

Sid Astbury

INCREASED AUTONOMY FOR TRADE SECTOR

Malaysia seems to have reached a turning point in terms of trade and industry. The country continues to boom – registering a robust 8 percent growth in gross domestic product last year – but

Companies urged to launch their own consumer brands

can no longer rely on external catalysts to stoke manufacturing and export growth.

Rafidah Aziz, the minister of international trade and industry, recently announced that due to numerous factors, "large waves" of foreign investment in Malaysia were a thing of the past. As a result, domestic investment will have to play a more prominent role in the country's economic future.

New investment in manufacturing fell by over 50 percent last year, to about \$5 billion. There was also a fall in the number of new manufacturing projects, from 874 to 653. In terms of origin, the United States was the top investor in 1993 with \$670 million in proposed investments, followed by Japan (\$630 million) and Taiwan (\$360 million).

The money is going into a wide range of export products, including processed foods, computers and electronics, furniture and other wood-based products, chemicals, auto parts, building materials, boats and marine equipment, steel and other metal items.

The decline in foreign investment is expected to continue for the immediate future because of weak economies in the industrialized world and severe com-



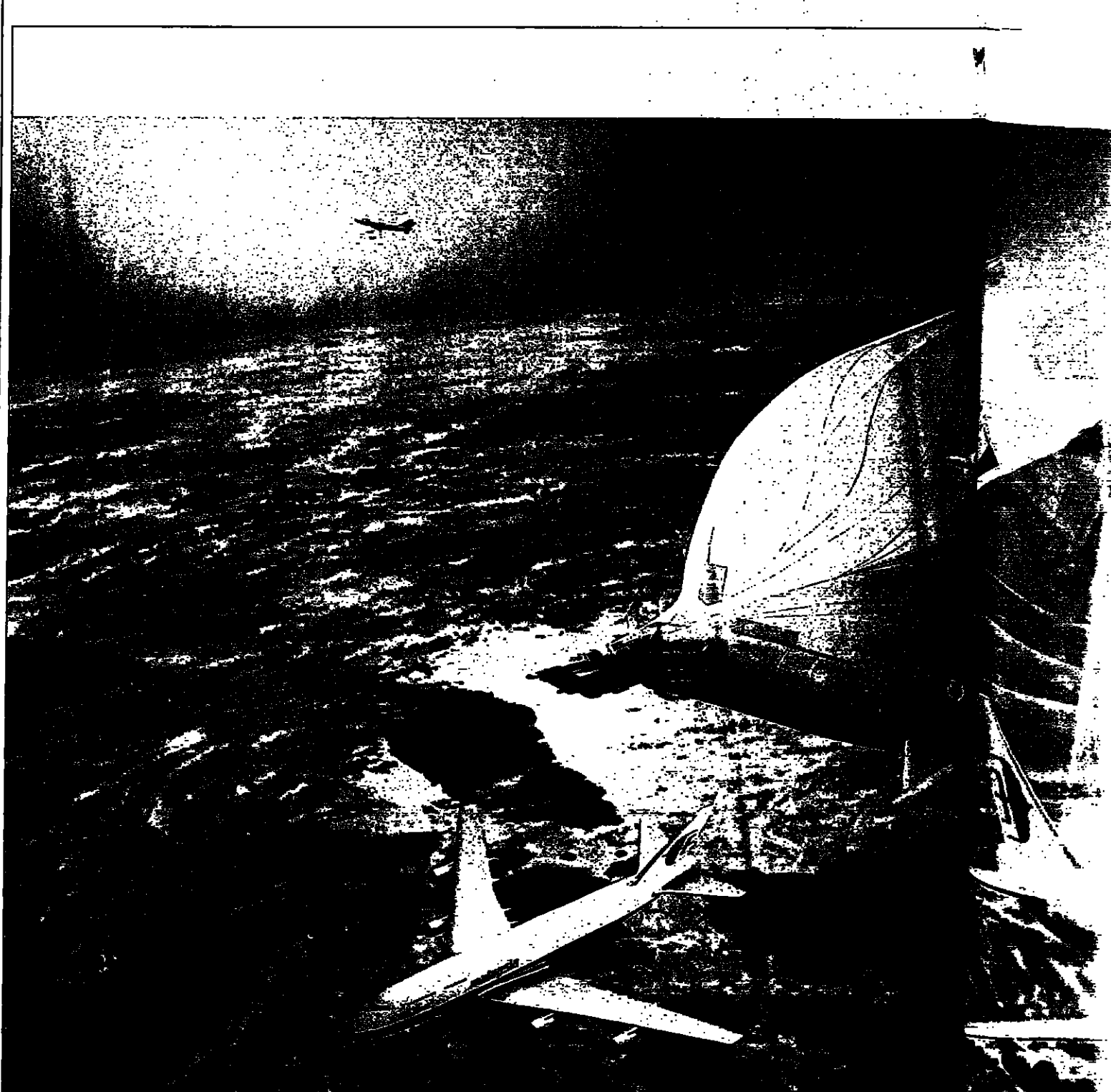
Malaysians are purchasing more and more foreign-made consumer items.

petition for investment from other Asian nations, including newly emerging economies like Vietnam and China.

Industry experts say that the worldwide trend toward the implementation of trade

blocks could also affect investment flows, especially if the North American Free Trade Association becomes successful.

Although it may be too early to tell, the investment decline seems to have had little effect on trade. Malaysian exports totaled about \$40 billion in 1992 and an estimated \$44 billion



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Continued on page 13

*Buenos Aires, South America effective 28 March 1994. For reservation

مكتبة الأصيل

MALAYSIA

DOMESTIC MANUFACTURING SEEKS A HIGHER LEVEL

Assembling products for outside interests has brought in a lot of business, but Malaysia is finding that making its own products brings in even more.

Mention "tin mine" to many corporate types in the capital, and they will think of the Kula Lumpur Hilton. Now, the Hilton's basement right spot sees more action than most of Malaysia's mines. So rapid has been the fall of the once-mighty tin-mining industry that its corner on the Kuala Lumpur Stock Exchange are mostly penny stocks.

Manufactured goods account for 70 percent of exports

you mean the Tin Mine? The Kula Lumpur Hilton. Now, the Hilton's basement right spot sees more action than most of Malaysia's mines. So rapid has been the fall of the once-mighty tin-mining industry that its corner on the Kuala Lumpur Stock Exchange are mostly penny stocks.

King Tin's dramatic tumble taught Malaysia a lesson: Even for a world-champion producer, reliance on primary commodities like tin, palm oil, timber and rubber can be catastrophic. Because commodity prices gyrate between high and lows, economies that depend on them seeaw through booms and busts. To achieve resilience, diversification is necessary.

This is what Malaysia did after commodity prices plunged in the mid-1980s, dragging the country into its worst recession since independence from Britain in 1957. The economy was opened up to foreign investors, who were given handsome incentives to set up factories to make products that could be sold abroad.

The results are stunning. Manufacturing now contributes 40 percent to the gross domestic product,

as much as agriculture. One-quarter of the work force is in manufacturing, up from 15 percent 10 years ago. Manufactured exports now account for 70 percent of total export receipts, a figure that should rise to 78 percent next year. Malaysia is now a manufacturing powerhouse that also is famous for timber, rubber and tin. It is also the world's largest producer of palm oil.

The full impact of Malaysia's transformation from colonial outpost to manufacturing nation becomes apparent on the drive from Penang's international airport to George Town, the capital of this bustling state on the northwest coast of the Peninsula. The names that flash by read like a Who's Who of the electronics industry: Intel, Motorola, Hitachi, Hewlett-Packard, Thomson, Conner, Advanced Micro Devices — all have huge operations in Penang. Malaysia's Silicon Island. Electronics is the country's biggest manufacturing industry and Malaysia the world's largest exporter of semiconductors.

Across Malaysia, 200,000 people are employed in the electronics industry, and the industry has made Penang its home. "Acer has more than 10 offshore plants, including ones in the United States, Europe, Australia and Japan, but Penang is still our best site," says Stan Shih, the chairman of Taiwan's Acer Inc. Acer's Penang plant makes 2 million color monitors a year.

Just as the country has been transformed, so have its companies. Sime Darby is an example. Once a sleepy plantations company, it is now a Kuala Lumpur-based regional multinational with 200 companies in 21 countries and 32,000 employees.

Its assets equal about 5 percent of Malaysia's GNP.

Ahmad Yahya, Sime Darby's deputy executive chairman, bristles at the notion that the country's biggest company has lost interest in plantations. "It's not really true. We have the same acreage now as when I joined the company. Plantations are 10 percent of the profitability of the group, compared with 65 percent before. It's the buildup of the other businesses that has coined this phrase 'diversification.'"

Sime Darby the plantations giant is now running a travel agency in Hong Kong and a resort in Florida, distributing bicycles in Australia and condoms in Britain, selling insurance in Thailand and making tires in the Philippines. "We are taking steps to ensure the Sime Darby name will be more well-known internationally," says Nik Mohamed, Sime Darby's 44-year-old group chief executive.

Last year, Sime Darby opened a 37 million ringgit (\$13.5 million) tire technology center. Lots of Malaysian companies are taking similar initiatives. They must do so — Malaysia is becoming a victim of its own success. With more jobs than workers, wages are rising fast. Malaysia is no longer an ideal location for labor-intensive, assembly-type manufacturing operations. For their survival, Malaysian companies must master the latest technologies.

Famously forthright, Rafidah Aziz, the minister for international trade and industry, puts it this way: "The time has come to take domestic manufacturing to a higher level. We have to develop Malaysian capability in the more complex stages of technological advance-

ment. By this I mean innovative technology, design and engineering technology."

Welcome to Proton, the maker of the national car — and a robust example of a local company that has triumphed in a high-technology field. Last year, Proton sold over 88,000 cars in Malaysia — 10 times the volume of its nearest rival. On home turf, it has an astonishing 73.5 percent of the market.

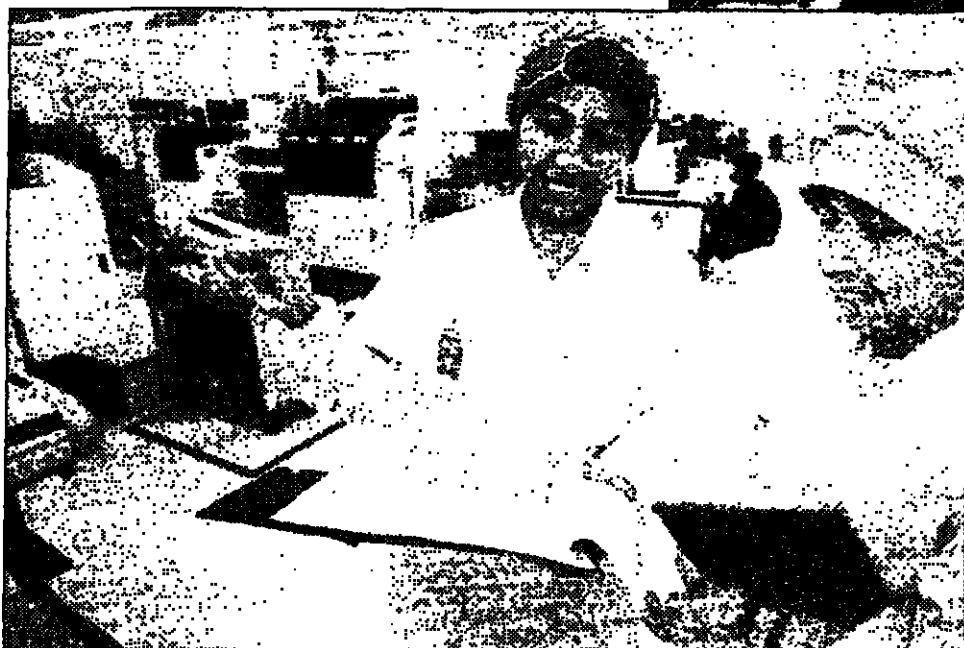
Abroad, Proton is also doing well. Last year, 18,525 Proton cars were sold in

Britain, giving the company 1 percent of one of the world's most competitive car markets. Britain is Proton's best overseas market, with over 70,000 units sold. "Now we are in the first stage of planning for France, Germany and Belgium," says Mohamad Nadzmi, Proton's young managing director.

A decade ago, Proton was scorned as an expensive ego trip for the national leadership. Now, it is a beacon of light for Malaysian manufacturers. S.A.



From consumer appliances to microchips, manufactured items now account for 70 percent of exports.



WITH FINANCING DEAL, THE MARKETS COME OF AGE

Late one afternoon in September 1992, the electricity all over peninsular Malaysia went dead. Francis Yeoh, the managing director of YTL Sdn. Bhd., a local infrastructure company, sensed a business opportunity. The

Malaysian economy showed every sign of continuing its five-year record of 8 percent of higher annual GDP growth, but unless the need for massive amounts of new power generation were addressed, the country's phenomenal growth would grind to a halt.

Within a few months, Malaysian government and business had found the answer. Independent Power Producers (IPPs) would build power plants and sell the electricity generated to the national power carrier. YTL obtained equity in two stations which, when completed, would produce

developing world. Shares have been traded in the country for over 120 years, and the capitalization of the equity markets over the past six months has fluctuated between three and six times the country's GDP. "The market here is sophisticated enough for financial innovation rather than imitation," says Richard Hall, YTL's finance director and a former investment banker. "This deal has been called the

billion ringgit in a 15-year, floating-rate commercial loan, was oversubscribed by the local banks. Interest is pegged at 1.75 percent above the BLR of Bank Bumiputera, and 1.5 percent over the BLR after cash flow commences. One of the German underwriters of the deal arranged to buy 711 million Deutsche marks to speed up the financing. The remaining 15 percent of the financing costs are to be

most entirely by debt. "When we first started looking at how to fund the project, we did a search in North America for greenfields, power projects and bonds, and could not find any precedents."

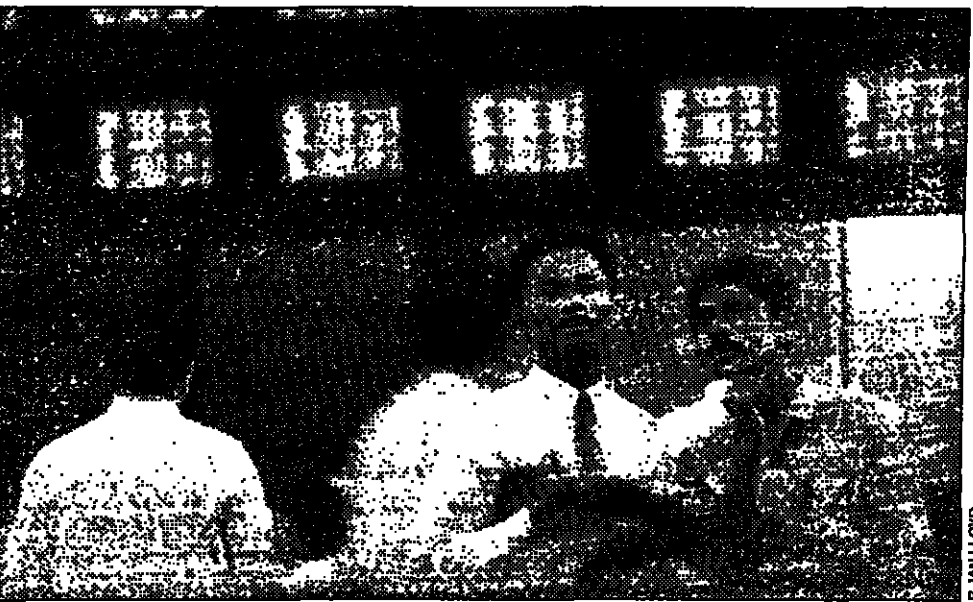
According to Mr. YTL, local financing saved YTL risk, money and headaches. Because the deal is financed entirely in Malaysian currency, YTL is not exposed to currency risk. Because it

The deal was called the 'financing model'

1,212MW of power, the equivalent of 20 percent of the country's present electricity demand. The projected cost was more than \$1.2 billion — an amount equal to 2 percent of Malaysia's 1993 GDP.

Teo Kok Lim, an equities analyst for Baring Securities (Kuala Lumpur) refers to the deal that ensued as "the coming of age of the Malaysian capital markets." The deal proved that the domestic banks could handle long-term project financing on a non-recourse basis and without a government guarantee. Moreover, the deal provided a safe home for the Employee Provident Funds (EPF), a government-run program of enforced savings with funds of more than \$25 billion. According to Mr. Lim, the government had been looking for long-term investments with a guaranteed return.

Analysts have long considered Malaysia to have one of the most sophisticated capital markets in the de-



Malaysia's capital market has become sophisticated enough for financial innovation.

Malaysian Financing Model.

The deal included 1.5 billion ringgit (\$550 million) in fixed-rate, long-term debt. "That's their biggest achievement," says Mr. Lim. The 15-year bonds, with a fixed rate of roughly 10 percent, issued last November, were bought by the EPF. "There are a lot of pent-up savings in the region, such as those held in the EPF," adds Mr. Hall. "But they have not found a way to channel these savings into financing of infrastructure until this project."

The rest of the financing package, consisting of 1.6

funded through equity contributions from YTL and its partners.

"The deal set a number of records in Malaysian finance," says Mr. Hall. "It was the largest financing package ever in Malaysia, the largest bond issue ever and the largest foreign-exchange transaction done through a commercial bank. It was the first time such a deal was put together in Malaysia guaranteed by the project, not by the government."

Moreover, adds Mr. Hall, the YTL deal was the first greenfield project in Southeast Asia to be funded al-

was rated by the local ratings agency, Ratings Agency Malaysia. YTL did not have to deal with the added burden of country risk. "RAM doesn't factor in country risk to its ratings," he says. "However, S&P and Moody's do. They give Malaysia a single 'A' rating, which increases the cost of financing."

But you didn't see them putting a country risk rating on the United States during the Vietnam War, when hundreds of thousands of people were marching in the streets, or during the LA riots."

Christine Hill

INCREASED AUTONOMY FOR TRADE SECTOR

Continued from page 12

last year, a healthy increase by any standard.

Imports hit an estimated \$42.8 billion last year as Malaysian purchases of foreign-made consumer items increased. While the government has some reason to fret over increased spending, the country still chalked up a trade surplus of \$1.2 billion.

Singapore, Japan and the United States continued as Malaysia's top three trading partners in 1993. The government is paving the way for even more bilateral trade with a recent pledge to fur-

ther cut import tariffs in an effort to ensure that its homegrown products continue to gain access to lucrative foreign markets.

The government is also urging Malaysian companies to boost exports by launching their own international consumer brands instead of acting as contract manufacturers for foreign companies.

Malaysia's manufacturing sector continues to grow faster than agriculture and mining, creating 125,000 new jobs and accounting for 30 percent of gross domestic product last year. To keep

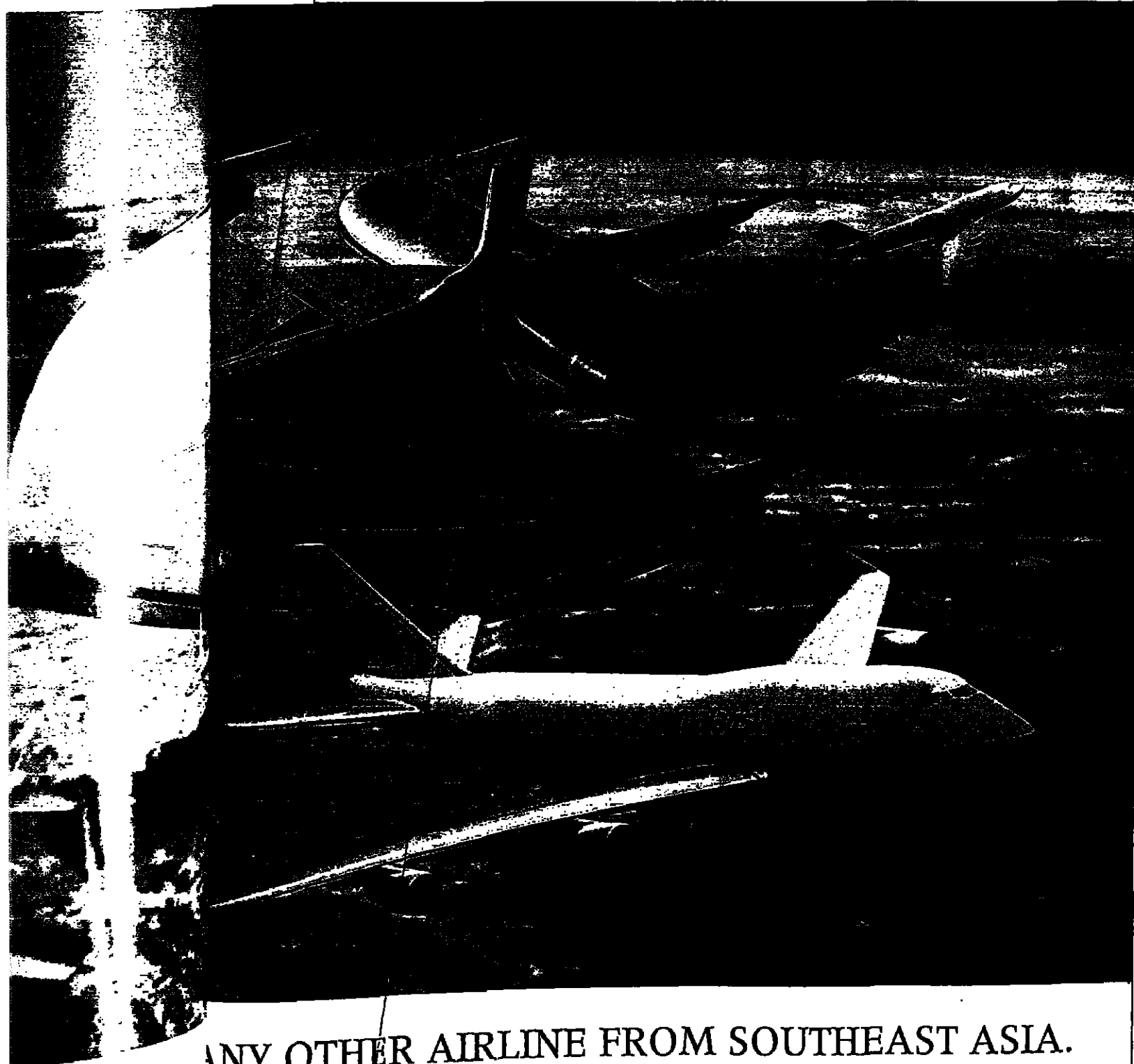
the momentum going, the government has called for a "trade-up" to technology-intensive, high-revenue-generating operations — similar to what has already taken place in nearby Singapore.

The Sixth Malaysia Plan, the most recent blueprint for national development, called for \$30 billion in investments during 1991-93. Ninety percent of this figure was met. The government's goal of having a 60:40 split between local and foreign content, however, was not reached: just 43 percent of new investment came from domestic sources.

Despite this imbalance, the government has decided that it will not give any special incentives and assistance to the manufacturing sector. Mrs. Aziz has said that the time has come for local manufacturers to "act on their own volition" and be motivated by the necessity to survive in the heat of international competition, rather than by government incentives.

In January, a trade mission to ASEAN members received pledges of \$360 million in potential investments and \$84 million in exports.

Julia Clerk



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MALAYSIA

PRIVATIZATION GIVES NEW SPARK TO POWER SECTOR

Private companies have the money, and the mandate, to solve Malaysia's energy problems.

Listed on the Kuala Lumpur Stock Exchange, now the size of Singapore's and Bangkok's combined, are the country's largest shipper, largest airline and largest port — all once government-owned and government-run. Also privatized are the electricity company Tenaga Nasional and the telecommunications company Telekom Malaysia — which together make up 40 percent of the capitalization of the stock market.

Malaysia is convinced that the sell-off has helped it circumvent the heavy overloading of infrastructure and consequent breakdowns that plague other countries in the region.

The government seems determined to get out of as many businesses as possible. Why? In the words of Anwar Ibrahim, the finance minister: "It is by now evident that economic activity is better governed by market signals than by administrative directives." In the words of Mahathir bin Mohamad, the prime minister: "Self-interest will ensure that utilities and other government-owned corporations transferred to the private sector, either fully or partly, will be better run, more efficient and profitable."

These dictums are about to be tested by five Malaysian companies, each with a contract to build and run power stations. Malaysia estimates it will need an installed capacity of 25,000MW by the year 2020, up from 6,155MW

now. The bulk of that will come from the independent power producers (IPPs).

Malaysia should soon have more generating capacity from IPPs than any other country in the world. "The

Analysts think Malaysia can be a top generator

way things are going, we're going to have electricity coming out of our ears," says Steven Wong, chief strategist at stockbrokers UMB Securities in Kuala Lumpur. Along with other analysts, he wonders whether there are even a couple of IPP projects too many.

Tenaga Nasional will buy power from the IPPs. It may also be obliged to let them

get involved in transmission and perhaps even distribution. It views the IPPs as colleagues rather than competitors. Says Ani Arope, Tenaga's executive chairman: "We would like to create a win-win situation where every party involved will get comfortable returns on the power generation business."

Foreign companies can join in the private-power bonanza, but are limited to a 25 percent stake of the equity.

Tenaga is also entering joint ventures as a majority stake holder with state-owned companies in the Associated Power Producer (APP) format. Five state governments have already signed up for APP deals.

The five IPP plants approved so far will be powered by gas piped in from Malaysia's massive offshore fields. Tenaga, which only

started using gas in 1991, now relies on it for 38 percent of its fuel needs. Gas utilization is expected to nearly double by the end of the decade, mostly at the expense of crude oil.

Kuala Lumpur expects that it can generate electricity cheaply enough to supply its partners in the Association of South East Asian Nations: Indonesia, the Philippines, Singapore, Thailand and Brunei.

Analysts think Malaysia can be a top generator, too. It has lots of natural gas for fuel, the ability to raise capital for plants cheaply and, after its first flush of IPPs, the management and technological capability.

In terms of foreign sales, its ace in the hole will be Bakun, a proposed hydroelectric scheme in the East Malaysian state of Sarawak.



New power plants will be supplied by gas piped in from Malaysia's offshore fields.

The contract for this \$5.5-billion project was awarded in February to Ekran, the listed flagship of local financier Ting Pek Khing. It is Malaysia's largest private

tized power project to date — possibly the largest in the world.

Bakun involves the clearing of around 200,000 acres (80,000 hectares) of forest to

make way for a dam and a 2,500MW power plant deep in the heart of Borneo island. The dam will stem the Rejang river, creating a lake the size of Singapore. S.A.

MALAYSIA EVERGREEN

managing for perpetuity



Malaysia is proud of its rich heritage of forest.

Malaysia's forest management, which began in 1901, is second to none among tropical countries and has succeeded in maintaining a high percentage of Malaysia's land under forest, much more than even most developed countries.

Malaysia values its forest, not only for the benefits derived from commercial logging, downstream processing and extraction of non-timber products, but equally for its ecological and environmental protective role. Aware that sound forest management is vital, Malaysia has striven to strengthen sustainable forest management, policy-wise and implementation-wise.

Malaysia is well on the way to fulfilling the objective of sustainable forest management on the basis of ITTO (International Tropical Timber Organisation) guidelines through:

- strong commitment by the Malaysian Government, Federal and State, to manage the forest for present as well as future generations;
- progressive improvement of forest services and strengthening R & D, through the Forest Research Institute of Malaysia (FRIM) which is acknowledged as the world's leading research organisation on tropical forest;
- successful diversification of the Malaysian economy, with less necessity to convert forest land to agriculture in the future;
- progress in poverty eradication, including the provision of social and economic opportunities for forest dwellers, which effectively reduces shifting cultivation practices on forest areas;
- promotion of eco-tourism where tourists can enjoy Malaysia's extensive natural forest, national parks, wildlife sanctuaries and nature reserves.

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AIR CARRIER PLANS GLOBAL PRESENCE

Malaysia's air transport industry is currently in the midst of major changes, developments that will greatly improve passenger service and scheduling both at home and abroad.

At the forefront of the changes is Malaysia Airlines, the national carrier, which has embarked on an aggressive expansion and improvement scheme, part

of the company's overall drive to become a "global airline" by the year 2000.

Two years ago, the airline announced the largest and most expensive aircraft modernization program in aviation history, a venture that will eventually cost about \$5 billion. At the same time, it is rapidly expanding its international route network.

At the end of March, Malaysia Airlines is set to become the first Southeast Asian airline to fly to South America, with a new service from Kuala Lumpur to Buenos Aires. Two other recent additions to the route network include Rome and Cape Town. By the end of this year, it is planning to add its 58th international destination: Osaka, Japan.

The company's current five-year program also calls for increased excellence in service, in-flight facilities, ground support and infrastructure.

"We will continue to improve our products and to enhance our customer services in tandem with modern technology, at the same time taking into consideration cost control," says Zariah M. Aruf, the airline's customer relations and media manager, adding: "This will not be at the expense of service excellence."

After living for years in the shadow of more renowned carriers like Singapore Airlines and Thai International, Malaysia Airlines is finally starting to turn some heads. Last year it was rated best in first-class service in a survey of 31 carriers conducted by Inflight Research Services, a British-based consultancy. In fact, the airline topped several categories, including cabin staff courtesy, meal presentation and meal quality, and it was also praised for the sincerity and enthusiasm of its cabin crews.

Malaysia Airlines is also drawing plaudits for its in-flight entertainment and communication services. For instance, first- and business-class passengers on Boeing 747-400 flights have access to in-seat personal televisions with dual-language video channels, and seven computer games.

In addition, all 747-400 planes offer cordless telephones — allowing passengers to communicate with any city in the world — as well as the high-fidelity sound of a compact-disc au-

dio system offering a wide selection of music.

"This is state-of-the-art audio reproduction technology," says Ahmad Ilias B. Aziz of the company's technical services department. "[It] produces an excellent signal-to-noise ratio and a dynamic audio output that is free from the noise buildup normally encountered by the conventional tape reproducer."

Currently the airline is evaluating a system known as Interactive Cabin Management, which provides the latest in in-flight entertainment and service, including live radio and television broadcasts, stock-market quotations and weather reports; games and competitions; and laptop computer and facsimile communications as well as incoming message reception and paging.

The system would also allow passengers the convenience of booking and confirming continuing flights, car rentals, hotels, restaurants and theater tickets. Computer software demonstrations and catalog shopping would be available.

Malaysia Airlines is also set to become a major player in the air-cargo business. Last year, the airline transported 163,000 tons of cargo, and this is expected to increase significantly in the upcoming years.

"In view of the high GDP growth of 8 percent experienced by the Malaysia economy, we are continuously monitoring capacity demand out of Malaysia to service the growing market," explains Mrs. Zariah.

Malaysia Airlines plans to make Kuala Lumpur a major cargo transshipment center in the region. A significant development will be the provision of 200 million ringgit (\$14 million) worth of warehousing facilities at the new Sepang Airport when it is completed in 1998.

The expansion drive coincides with increased competition from foreign carriers and a sharp drop in company profits. The Malaysia Airlines Group posted a \$61 million pretax profit for the 1992-93 financial year, a 32 percent increase from the previous period. Profits were down sharply (96 percent), however, in the first half of the current financial year.

The company's chairman, Zain Atrai bin Zainal Abidin, blames the profit slump on a severe drop in passenger and cargo traffic growth rates linked to recession in the industrialized countries. "Intense price competition due to excessive capacity in the international route network and a strong ringgit further diluted yield," he explains.

Competition is set to increase still further this fall, when Malaysia's second international carrier, Air Asia, begins operations with charter services to tourist destinations like Istanbul and Uzbekistan. By the first quarter of 1995, Air Asia hopes to offer services to destinations in Indonesia, Vietnam, China, Japan, Hong Kong and India.



THE MALAYSIAN TIMBER INDUSTRY DEVELOPMENT COUNCIL

For more information please contact: The Malaysian Timber Industry Development Council, 9B, 9th Floor Bangunan Arab Malaysia, 55, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia. Tel: 03-2323999 Fax: 03-2386376

MALAYSIA

ENVIRONMENTAL APPROACH TAKES BULL BY THE HORNS

Malaysia is serious about sustainable development, and Prime Minister Mahathir bin Mohamad does not mince words about it.

Small wonder that Mr. Mahathir is regarded as one of the world's prickliest politicians — he tells it like it is. Here is what he said at the 1992 Earth Summit in Rio de Janeiro: "When the rich chopped down their own forests, built their poison-belching factories and scoured the world for cheap resources, the poor said nothing. Indeed, they paid for the development of the rich. Now, the rich claim a right to regulate the development of the poor countries."

Harsh words, perhaps — but they come from a convert to the doctrine of sustainable development. "Nowadays, if you want to interest the PM in a project, you'd better make sure it has a green theme," confides Florence Tan, the managing director of Suria Eksklusif, the company that is develop-

ing a \$6 billion theme park in Kedah, a state in the northeast of peninsular Malaysia.

Malaysia now takes its international environmental responsibilities very seriously. After quibbling over the terms, it will sign the Montreal Protocol on phasing out ozone-gobbling chlorofluorocarbons. After pointing out that few developing countries have anywhere near as much area under forest, Kuala Lumpur has nevertheless cut back logging and pledged that half the country will remain under forest cover forever.

Malaysia is making it worthwhile for private companies to play the leading role in environmental management. Last year, Indah Consortium was awarded a 28-year concession for the operation of the country's entire sewage system. Indah links the Berjaya Group with Britain's North West Water. It plans to spend over \$2 billion on what is the country's largest privatized project to date.

"As you know, we don't really treat sewage in Malaysia," Mr. Mahathir admitted to reporters when he signed the contract with Indah. Indah is not taking over a national sewage system; it is cobbling one together with the assorted pipes and plants it has acquired from local authorities.

Indah was aware of the scale of the challenge. Before making an offer for the network, Indah picked it over for six months. "We realized then that we would have to refurbish the system," says David Chew, Indah's managing director.

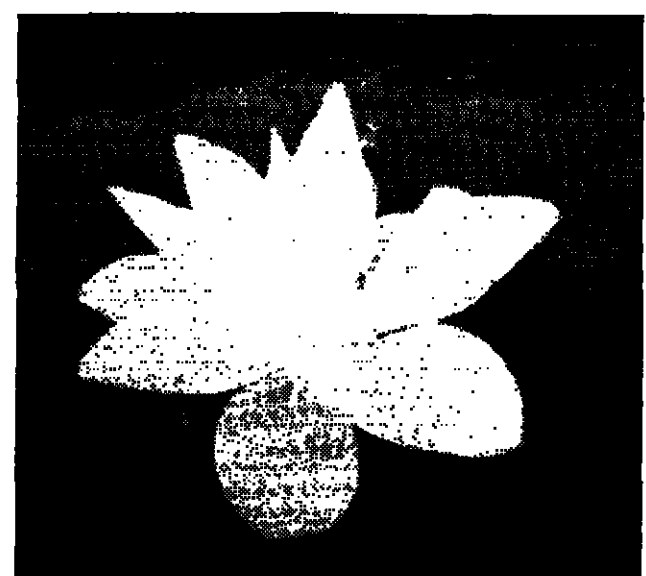
The award to Berjaya came as no surprise. Mr. Mahathir likes hyperambitious entrepreneurs with a can-do mentality, and Berjaya's Vincent Tan personifies the breed. "I would like to build a business like Korea's Samsung or Daewoo or Hyundai," says Mr. Tan, a 41-year-old former insurance salesman who has parlayed a McDonald's franchise into a group of 180 companies.



Also entrusted to private hands is the country's first centralized toxic-waste management facility. This \$75-million project at Bukit Nanas in the state of Negri Sembilan, with its related storage and feeding stations in the regions, will be a boon

to manufacturers. Electronics companies, particularly, have complained about the absence of a proper dump. They have had to store noxious substances on their premises — or ship them to toxic-waste plants abroad. The Bukit Nanas plant,

owned by Kualiti Alam, should be up and running by the end of this year. Kualiti Alam is a joint venture be-



Much of Malaysia's forest remains intact and serves as a sanctuary for its wildlife.

tween Denmark's I. Kruger and two Malaysian companies, Arab-Malaysian Development and UEM.

Selling off environmental services, for instance sewage and toxic-waste disposal, makes good sense. In an increasingly prosperous country like Malaysia, consumers are prepared to pay for a cleaner environment. Companies like Indah Consortium and Kualiti Alam, by engineering a safer environment, can make good profits — and pay taxes to the government.

Proper pricing is another principle that is making its way into the forest, driving up the value of shares in timber companies. More important, it is giving them the incentive (and the cash) to invest in state-of-the-art wood-processing plants.

To conserve the forests, the government is cutting back on log exports and logging quotas. This drives up the price of logs, encouraging timber companies to add the most value they can to their dwindling quotas.

Log exports, most of which go to Japan, dropped by half last year. Industry exports, however, were up 7 percent, to around \$4.1 billion — with furniture exports up one-third to \$881 million (ringgit \$326 million).

Kuala Lumpur banned log exports from peninsular Malaysia in 1985. Come 1996, it will stop log exports from Sabah. The neighboring state of Sarawak, which currently accounts for 75 percent of Malaysia's log exports, is expected to halt shipments of logs by 2000. S.A.

HOW ONE COMPANY IS RIDING THE TELECOMMUNICATIONS WAVE

Over the last four years, Technology Resources Industries Berhad has grown from a small, local electronics company into one of Malaysia's fastest-growing companies.

Although it was founded nearly 30 years ago, TRI did not catapult into double-digit growth until 1990, when it merged with a small mobile-phone business, called Cellular Communications Network (Celcom), recently privatized by the government in a split from Telekom Malaysia.

Under the leadership of Chairman Tajudin Ramli, TRI is currently involved in a wide variety of business ventures, including mobile phones (Celcom), helicopter charter (Malaysian Helicopter Services), maritime shipping, property development, plastics and box manufacturing.

TRI's latest venture is a 32 percent stake in Malaysia Airlines, obtained last December. Mr. Tajudin is expected to take over as chairman of the airline in the next few months.

Despite the airline deal, communications is still TRI's core business. Celcom has grown phenomenally since its split from Telekom Malaysia, the national telephone company. The original target was to secure 3,000 mobile-phone subscribers during the first year of operation, but the final figure was closer to 8,000. Within two years, Celcom was enlisting 6,000 new customers each month. By August 1993, the new customer figure had reached 16,000 per month.

Mobile-phone demand continues to expand at a brisk pace. As a result, Celcom has accelerated its capital investment program, already in excess of \$312 million. Some \$117 million was set aside for new capital expenditures in 1994, but management is looking at new numbers in excess of \$195 million to cater to the expanded customer base and implement new services.

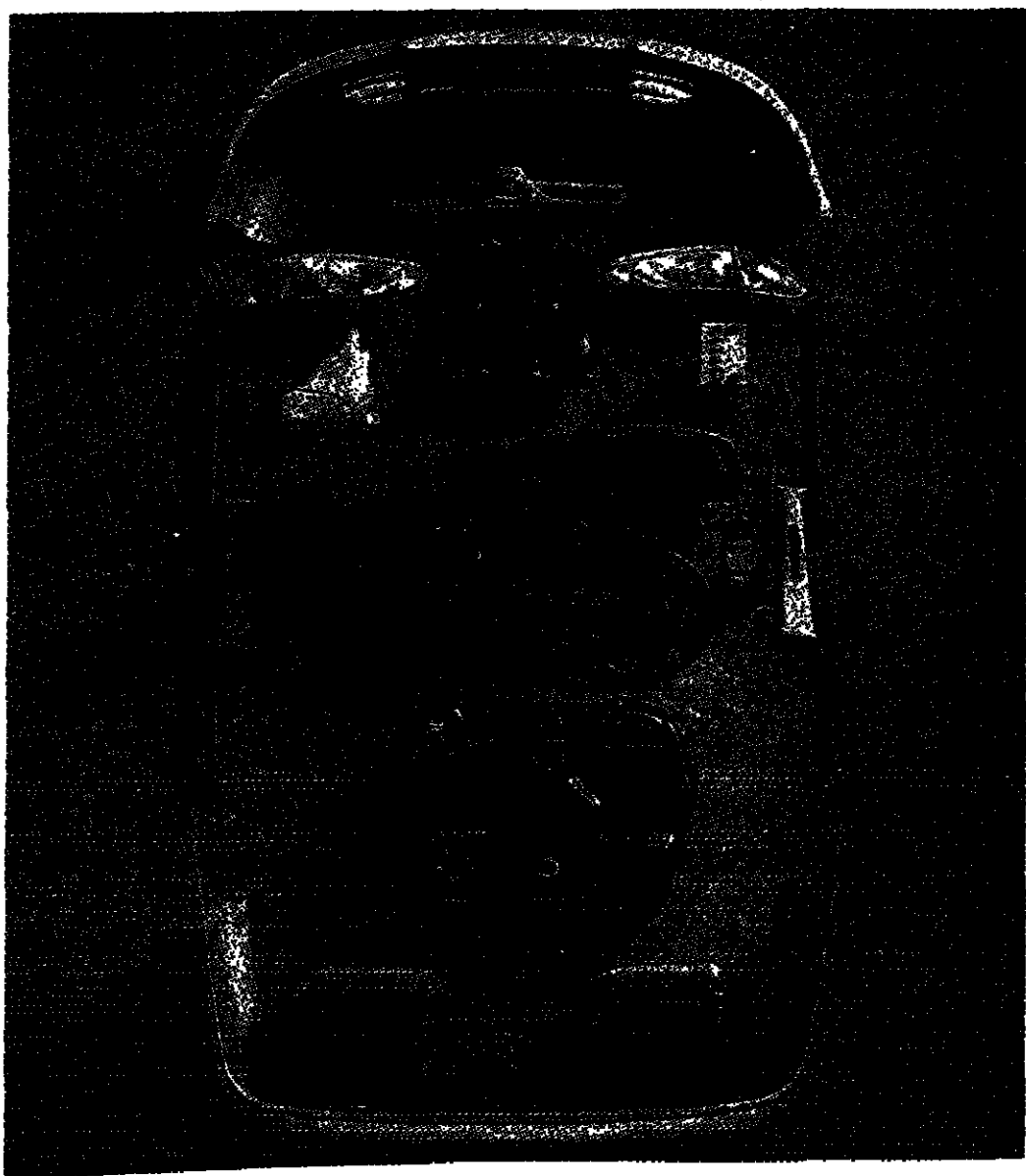
By the end of last year, Celcom had more than 200,000 subscribers — more than two-thirds of

the Malaysian mobile-phone market. The company forecasts 350,000 customers by 1996 and one million by the turn of the century.

TRI is also expanding overseas. In 1992, the company launched a joint venture with Cambodia's Department of Post & Telecommunications to develop a national cellular communications grid. With a 70 percent stake, TRI estimates that it will invest \$30 million in the Cambodia project.

Joseph R. Yagerst

Take a closer look at our new models and you might notice the 'green spots'.



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- Fully recyclable parts. Many body components are stamped with material-

identification numbers for easier recycling. So while it may be fast becoming a global concern, at PROTON, 'green' has become part of our corporate character.

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FASCINATING MALAYSIA



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Putra World Trade Centre, Jalan Tasek, Putrajaya,
43000 Kuala Lumpur. Tel: 03-26151100
Telex: MTTM 32, MTA 30703 Fax: 03-26152424

TOURISM MALAYSIA

ADVERTISING SECTION

MALAYSIA

COMMUNICATIONS
SEES HIGH DEMAND

As in many of the rapidly growing economies in Southeast Asia, the telecommunications industry in Malaysia is booming, barely able to keep pace with surging demand among both business and home users.

Across the board, Malaysians are hungry for more telephone technology and better communications infrastructure. The challenge to convey voices and data is even greater in Malaysia than some neighboring states because of the vast distances involved and because much of the country is covered with forest and mountains.

Malaysia, however, is catching up fast. Following the privatization of Telekom Malaysia in 1987, the government has continued to liberalize the industry, allowing for the introduction of competition in all segments of telecommunications.

Rashdan Baba, executive chairman of Telekom Malaysia, says this new phase is favorable to industry, customers and the nation as a whole. "Huge investments are being channeled to satisfy anticipated growth in demand as well as to gain a strategic share of the market," he declared at a national business conference last fall.

Indeed, both local and foreign investors are flocking to the Malaysian telecommunications sector. The Ministry of Energy, Transportation and Posts estimates that more than 16 billion ringgit (\$5.9 billion) will be invested in switches for local, long-distance and international networks, cellular and satellite networks,

and software and management systems over the next five years.

"A well-developed telecommunications infrastructure will give Malaysia an added advantage to increase economic competitiveness in the long run," says Thomas Nilson, Jr., group managing director of AT&T in Malaysia, adding that the Malaysian government has already laid the groundwork to encourage foreign investment in technology-driven industries.

Mr. Nilson thinks the biggest challenge for Malaysia's telecommunications industry is the development of infrastructure that is able to support the country's vision to be a self-sufficient and fully industrialized nation by the year 2020.

"Businesses and industries are growing at a fast pace," he explains. "Demand for superior and efficient communications services, as well as innovative and cost-effective systems and products, will go hand in hand with this development."

Telekom Malaysia is giving priority to network development. Major accomplishments to date include the recent completion of a nationwide digital transmission network and a support system for future long-distance capacity that provides diversity in the trunk microwave system to cushion the impact of system failures.

Providing ordinary telephone service continues to be the primary goal of Telekom Malaysia. There are currently 2.3 million telephone access lines in the country, amounting to 12.3 percent penetration, an increase of 4.3 percent since privatization in 1987. Since



There is competition for all segments of telecommunications.

then, growth of direct lines has exceeded 14 percent per year.

The private sector is also helping. Celcom, the nation's largest mobile-phone company, recently installed a \$40 million microwave network to ease line congestion problems that were affecting the nearly a quarter million cellular-telephone subscribers. A nationwide fiber-optic network is being constructed by Time Telecommunications to provide the foundation for advanced intelligent network services.

In addition, Malaysia is now moving into the global satellite business. One of Celcom's sister companies has entered into a joint ven-

ture with an American company to launch Russian-made satellites for commercial purposes. The first launch took place in Siberia last November. Meanwhile, Binariang Network has been given government approval to launch a Malaysian-owned and -operated satellite network next year to provide core data communication, telephone links to remote areas of Malaysia and television service.

"It takes nimbleness, flexibility and responsiveness for businesses to succeed in the global marketplace," says Mr. Nilson. "Helpful and reliable global networking systems will assist them in doing just that."

J.C.

TOURISM COURTS A WIDER MARKET IN '94

Malaysia is already well on its way to becoming one of the leading industrial powers of Southeast Asia. But the country has also found another way to stimulate its economy: tourism. In less than a decade, Malaysia has gone from having practically no organized tourism to being one of the most aggressive holiday marketers in the Asia-Pacific region.

Malaysia could let tourism creep along at a snail's pace or push it into the fast lane. "Tourism is like a tree," says Mr. Sabbaruddin. "Left alone, the tree may survive. But with fertilizer, it will bear more fruit."

The first dose of fertilizer was the formation of the Ministry of Tourism seven years ago. That was quickly followed by Visit Malaysia Year 1990, a special program to give the tourism industry a shot in the arm. It bore fruit: With a global promotion and advertising campaign, Visit Malaysia Year '90 brought a record 7 million people to the country.

In fact, Visit Malaysia Year was so successful that tourism authorities decided to stage another one this year. Six places have been identified for special emphasis during Visit Malaysia Year 1994: Kuala Lumpur, the nation's capital; the resort island of Langkawi; Mount Kinabalu in Sabah; the Dutch colonial town of Malacca; and the national parks at Taman Negara and Mulu.

In addition, different types of tourism activities are being singled out, including adventure, ecological, agricultural, sports and educational tourism.

Some of the categories may seem unrelated to the holiday industry — education and agriculture in particular

— but the Malaysians have devised unique ways to bring these activities into the realm of tourism.

"By encouraging people to study here, we get something like a tourist staying here for 365 days a year," says Mr. Sabbaruddin. "The student may not spend like a tourist, but he still has to eat and needs transport, etc. The families of the students will also come here for visits."

Agro-tourism is seen as a natural progression from Malaysia's nature-based tourism products. At the recent PATA Adventure Mart in Lahore, Pakistan, Malaysia's ministry of agriculture extolled the wonders of Malaysia's agricultural parks, plantation tours and similar attractions.

"We feel that there are lots of people who are interested

well on its way to positioning itself as a major golf center. The current total of 150 golf courses is scheduled to be increased to more than 200 by the end of the decade, including six fully lit night courses.

Overall, there are 36 promotions planned for Visit Malaysia Year 1994, including two international events designed to highlight Malaysia's natural beauty.

French-based Obectif Atlantide will move out of Europe for the first time ever, with a Scuba Dive Treasure Hunt off the coast of Terengganu in May. Twenty-five teams (including five Asian squads) will participate in the hunt. Then in September, Sarawak will host a Raid Gauloises non-mechanical adventure event — although details of the

event are being kept top secret.

Domestic tourism is another area that Mr. Sabbaruddin and his staff are emphasizing. Current occupancy rates indicate a 55:45 split between domestic and foreign tourists.

To stimulate domestic tourism, Mr. Sabbaruddin says that Malaysians must overcome the sentiment that "foreign is better" when it comes to holidays.

J.C.

THE TOURIST PROFILE

Tourists to Malaysia spend about 42 percent on accommodation, 21 percent on shopping, 20 percent on food and beverages and 7 percent on local transportation.

The top three visitor arrival markets in 1993 were Singapore, Thailand and Japan.

The top three non-Asian visitor arrival markets in 1993 were France, Australia and the United States.

Crises of visitors with the highest average stays index (112 days) Britain (5.3 days) and the United States (4.8 days).

in agriculture," Mr. Sabbaruddin explains. "Some people are even prepared to go fishing, or at least go to the fishing villages to enjoy the atmosphere and learn about the life of a fisherman."

"We are also encouraging sports tourism," he continues, waving a list of 26 different sports. "Golf, hockey, basketball, even chess — we are becoming known as the chess center of this part of the world." Malaysia is also

event are being kept top secret.

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J.C.

Message from the
Group Chief
Executive Officer

In recent years, Malaysia's unprecedented growth resulted from many factors including sound management by our government, the country's good work ethics, readily trainable workforce and strong investors' confidence.

Berjaya also responded to and benefited from this favorable business climate through expansion, acquisition and new start-up. It has always adapted the appropriate approach of adapting, developing and under-developed businesses that has significant long-term potential.

Our commitment to build expertise and quality through training and embracing technology has given us a good foundation to respond to new opportunities. This includes overseas expansion through the transfer of managerial expertise.

We will continue to develop our core businesses and respond to our government's plans and vision for Malaysia.

As we embark on another important phase of growth, we will continue to pursue business alliances through joint ventures and partnerships. I believe we are good business partners, and you have the desire to make Malaysia your base to have international ventures go with us and give us an opportunity to work with you.

Sincerely yours,

TAN SRI DATO' VINCENT TAN CHEE YOUN

BERJAYA GROWS IN TANDEM WITH MALAYSIA

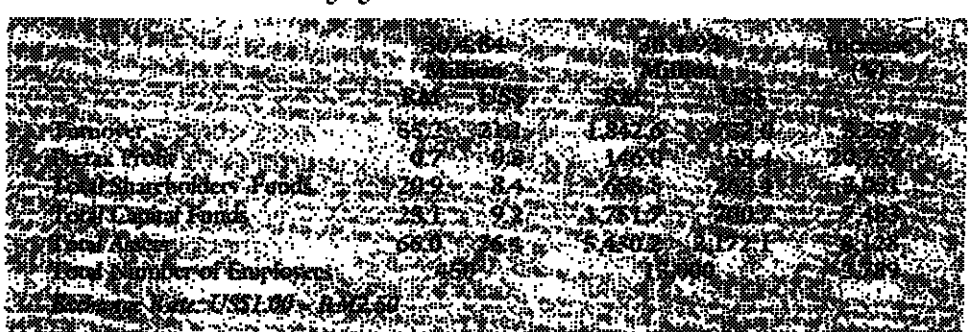


BERJAYA
Strength In Diversity

The Berjaya Group of Companies' history dates back to 1984 when our current Group Chief Executive Officer Tan Sri Dato' Vincent Tan Chee Yoon acquired a major control of shareholding in Berjaya Industrial Berhad.

Through his entrepreneurial leadership, the Group has been transformed into a diversified entity through partnerships, acquisitions, joint ventures and new start-ups.

The track record from 1984 reflects Tan Sri Dato' Vincent Tan's vision and stewardship. The Group's financial growth over the past 9 years are highlighted below:



A few of the operating companies include:

CONSUMER MARKETING

Today, Singer Malaysia Sdn Bhd is the largest, longest-established distributor and retailer of consumer durables with the widest canvassing network.

The Catalog Shop Sdn Bhd has evolved from a direct mail to one-stop retailing centre that offers a wide range of quality furniture and electrical products.

Unza Group of Companies' operations today encompass manufacturing, marketing, sales and distribution of a comprehensive range of quality, branded toiletries and household items.

Texan (M) Sdn Bhd markets a full range of men's apparel locally, and Cartel Corporation Sdn Bhd, ladies' apparel.

Berjaya Sound Entertainment Sdn Bhd produces karaoke films and songs.

Homevideo Network (M) Sdn Bhd, is the authorised home video distributor for Warner, Walt Disney, Sesame Street and Columbia Tristar.

Cosway (M) Sdn Bhd is involved in the direct selling of a wide range of costume jewellery, cosmetics and health supplements through its 60,000 distributors.

Rapid Computer Centre (S.E.A.) Sdn Bhd develops and markets its own brand of children's educational computer software.

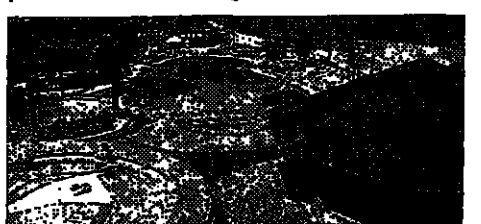


Singer Bangsar Showroom

LEISURE

Bukit Kiara Equestrian & Country Resort is the group's first wholly-owned recreation club with equestrian facilities, Kelab Darul Ehsan, a 70-acre 9-hole golf and recreational club, Stafffield Golf & Country Club, a 340-acre suburb project and Bukit Jalil Golf & Country Resort to be an 18-hole golf and recreational club.

Berjaya Tioman Beach Resort has 207 acres of parkland with a beautiful golf course.



Berjaya Tioman Beach Resort, Tioman Island

Redang Island will be developed into 2 integrated tourist cum holiday resorts to be known as Berjaya Redang Country & Golf Resort, and Berjaya Redang Beach Resort.

Berjaya Langkawi Beach Resort, a natural-tourist beach resort sprawls over a 70-acre site on Burau Bay, Langkawi Island.

Internationally, it has two choice properties in the South Pacific, Berjaya Hotel in Suva, Fiji and Berjaya Beach Resort & Casino in Mauritius.

In Kuala Lumpur, exquisite Oriental restaurants, Tsui Hang Village Restaurant, Oriental Pearl, Fortune Courts, Hanare Japanese Restaurant and Jewel in the Crown, a North Indian cuisine restaurant, were set up.

Inter-Pacific Travel & Tours Sdn Bhd conducts tours, ticketing and foreign exchange through its outlets.

Berjaya Air Sdn Bhd is a multi-service air charter company, that facilitates transportation for leisure or work.

For a membership fee of RM12,000, Berjaya Vacation Club Bhd offers holidays, locally and overseas, for seven nights a year for 38 years, in addition to its affiliation with Resort Condominiums International.

GAMING

In 1969, Sports Toto Malaysia Sdn Bhd was incorporated to run the toto betting business which was essentially the Government's effort to raise funds to promote and develop sports, youth and cultural activities.

Since privatisation in 1985, sales of Toto betting tickets have increased by over 700%. Sports Toto Malaysia has over 700 outlets throughout Malaysia.

PROPERTY

The Group has over the years successfully acquired prime commercial buildings located in Kuala Lumpur: Kota Raya Shopping Complex, Plaza Berjaya, KL Plaza and Wisma Stephens.

The Group currently owns and develops vast tracts of development land in Malaysia: Pines Condominiums, Petaling Indah Condominiums, Robson Condominiums, Lxora Apartments, Menara Greenview and Sri Dagangan Kuantan Business Centre, a 45-acre residential cum commercial development. Others include Sri Pelangi Apartments, Taman Kinrara, Tioman Horizon Condomotel and Taman Cemerlang. Berjaya Green Development Sdn Bhd, a landscaping and golf course development company, manages 3 golf resorts, Tropicana Golf & Country Resort, Bukit Tinggi Golf & Country Resort and Bukit Banang Golf & Country Club.

The Group is involved in the construction business through Bridgecon Engineering Sdn Bhd.

INDUSTRIAL

The Group has one of the largest vertically integrated textile groups specialising in yarn, knitted fabric and casual knitwear for internationally-renowned brands.

Singer Furniture (Malaysia) Sdn Bhd manufactures and sells timber-based furniture for domestic and international markets.

Finewood Products Corporation Sdn Bhd produces and sells furniture and timber-related products, with a significant export market.

Lionvest Corporation Bhd is involved in logging and timber related operations.

Shinca Sdn Bhd assembles electronic and electrical items for leading brands.

Topgroup Holdings Bhd manufactures domestic and commercial air-conditioners and accessories.

Inter-Pacific Packaging Sdn Bhd and South Island Packaging (Penang) Sdn Bhd, are involved

in producing corrugated carton boxes, industrial packaging and printing. South Island Plastics Sdn Bhd manufactures plastic bags and sheets.

LeRun Group Industries Berhad manufactures and sells bicycles.



Manufacturing of air-conditioners

FINANCIAL SERVICES

In March 1991, Inter-Pacific Capital Sdn Bhd was formed as a result of the merger of Inter-Pacific Securities Sdn Bhd, Eng Securities Sdn Bhd and United Traders Sdn Bhd.

Berjaya Prudential Assurance Berhad, a joint venture with Prudential Assurance Co. Ltd, Britain, provides life insurance services and is presently among the top 10 in the Malaysia life insurance industry.

Berjaya General Insurance Sdn Bhd, a joint venture with The Tokio Marine and Fire Insurance Co Ltd, Tokyo, is one of the top 10 and fastest-expanding general insurance firms.



Inter-Pacific Securities Sdn Bhd's trading floor

NEW VENTURES IN THE
EAST AND BEYOND

Berjaya Group will be investing up to US\$100 million on various projects in China including the operation of a computerised welfare lottery in Guangzhou, Shenyang, Chengdu and Halian undertaken by Berjaya Lottery Management (HK) Ltd.

In the Philippines, Berjaya has been selected to operate a computerised lottery system in Luzon.

Berjaya Lottery acquired a 40% stake in International Totalizer Systems, Inc (ITS), a US NASDAQ quoted company involved in the manufacturing of computerised ticket issuing systems and management of on-line lotteries. It also has a 43.8% interest in Wing Hung Kee Holdings, a property investment holding company listed in Hong Kong.

Berjaya has recently secured Asian-Pacific rights for a new fast food chain known as Kenny Rogers Roasters Restaurant.

In line with the Group's objectives to eventually build up a top class international chain of hotels and casino, Berjaya acquired 3 hotels — Mahe Beach Hotel, Beau Vallon Bay Hotel and Praslin Beach Hotel in the Republic of Seychelles.

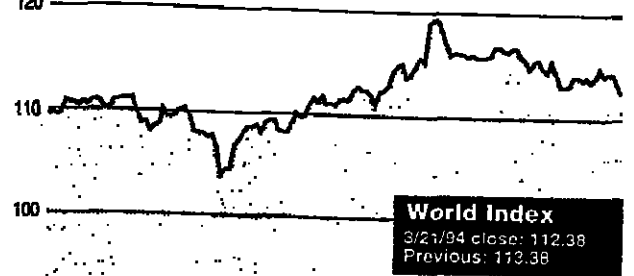
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For further information, please contact: Group Investor Relations, Level 16 Shahzan Prudential Tower, 30 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia. Tel: (6)03-2422622/2423155 Telex: MA32411 BCBK Fax: (6)03-2444334

مركز الأخبار

THE TRIB INDEX: 112.38

International Herald Tribune World Stock Index, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



Asia/Pacific Europe
Approx. weighting: 32% Down 0.55%
Close: 127.42 Prev: 128.06

North America Latin America
Approx. weighting: 26% Down 0.25%
Close: 95.83 Prev: 96.25

The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and other major financial centers. The index is composed of the 20 top issues in terms of market capitalization, otherwise the ten top issues are tracked.

For more information about the Index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

Tobacco Companies Look East

Cash-Hungry Governments Are Light on Restrictions

By Barry James
International Herald Tribune

PARIS — Tobacco Road may have developed some potholes in the West, but it is still paved with gold in the East.

Although the tobacco market is stagnating or shrinking in most industrial countries, cigarette manufacturers are making up for it by expanding in the rest of the world. Since the fall of Communism, the bulk of their investment has been in Eastern Europe.

Philip Morris Cos. and R.J. Reynolds Tobacco Co., of the United States; BAT Industries PLC, of Britain; Reemtsma Cigarettenfabriken GmbH, of Germany; and other companies have started more than two dozen joint ventures in the region and committed more than \$1.5 billion in investments since the fall of Communism. The Eastern market, which consumes more than 700 billion cigarettes annually, is 40 percent bigger than the U.S. market.

BAT last week became the latest tobacco multinational to announce a jump in profits, thanks in large part to expansion in Eastern Europe.

A spokesman for BAT said majority shareholdings in cigarette factories in Hungary and Ukraine had quickly proved profitable. The company also is eyeing opportunities in the virtually limitless Chinese market, where the annual consumption of 1.7 trillion cigarettes is about a third of the total smoked in the world.

Operations of the tobacco giants in those areas do not run up against the kind of extensive anti-smoking lobbying that occurs in the United States and Western Europe. For example, the U.S. military and the state

of Maryland both recently announced a ban on smoking in all public and work places, and the New York City council is considering doing the same. The federal government is proposing an increase in taxes on cigarettes to help pay for reform of the health care system.

In Eastern Europe, governments are eager for hard currency investments and place less emphasis on the health risks of smoking.

Even before the Marlboro Man rode onto the scene, rates of smoking-related disease in Eastern Europe were high.

"Lung cancer rates already are off the scale, higher than anywhere else in the world," said Alan Lopez, an epidemiologist at the World Health Organization in Geneva.

The rate of premature deaths directly attributable to tobacco is set to soar, Mr. Lopez said. "Everything is in place for an epidemic. It is going to happen unless there is a dramatic cessation in smoking."

The Tobacco Institute, which represents the U.S. industry from Washington, refused to answer a question about the overseas expansion of the American manufacturers. A spokesman for Philip Morris said the company's expansion in some markets bore no relation with contraction in others. "We have been established abroad for 40 years and we follow our own strategy," the spokesman said.

The Western companies have set up joint ventures with existing companies in several Eastern European countries, giving them control of popular and affordable local brands.

The companies also promote their own brands in advertising aimed at young professionals, blatantly suggesting that smoking Western cigarettes will make them sophisticated, popular with the opposite sex and successful. The introduction of "light" or low-tar and low-nicotine Western cigarettes has led to a huge increase in smoking among women, according to the health experts.

"Cigarettes are an easy image-building product," said Luk Joossens, director of the European Bureau for Action on Smoking Prevention, based in Brussels.

When health officials curbed some of the more blatant tobacco advertising in the Czech Republic, Mr. Joossens said, a coalition of advertising agencies ran a counter-

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Foreign Cash Is Flowing Out Of Asian Stocks

By Kevin Murphy
International Herald Tribune

HONG KONG — A sudden withdrawal of overseas money is putting pressure on stock markets all over Asia, and only a large influx of local cash is seen as being able to stabilize prices.

The Hang Seng index plunged more than 5 percent on Monday to lead an Asia-wide sell-off. For the fifth straight day, foreign-based mutual funds slashed their positions in the Hong Kong stock market, traders said. The index closed at 8,667.03 on Monday, down 5.09 percent from Friday. The offshore mutual funds had been a major factor in the Hang Seng's recent rally.

After doubling in value in 1993, Hong Kong stocks lost 27 percent so far this year. They have been driven down by worries about rising U.S. interest rates, an impasse between Britain and China over political reform in Hong Kong and nervousness that China's overheated economy may be headed for a hard landing.

"Hong Kong's terrible run lately is dragging all the smaller regional markets down whether we like it or not," said a Bangkok-based dealer with a British brokerage.

Expectations for the Federal Reserve Board to raise U.S. rates this week, perhaps even Tuesday, echoed in stock markets across Asia. The Kuala Lumpur index fell 5.30 percent Monday, with stocks in Bangkok losing 3.43 percent and in Singapore 3.22 percent. The Asia component of the International Herald Tribune World Stock Index fell 0.96 percent, to 127.42. Japanese markets were closed Monday for a holiday.

Higher U.S. rates could curb foreign appetites for the once high-flying markets. Last year was a record year for most Asian stock exchanges, and there are fears among traders that the foreign funds that drove the rally are shifting permanently to less volatile investment areas.

"Momentum investors drove this market last year," said Kirk Sweeney, research director for Leh-

man Brothers in Hong Kong, whose firm rated the local market a "sell" when it hit 12,000.

"The real catalyst for the falls has been from mutual funds selling and no buying support from longer-term funds," Nial Gooding, of Barclays de Zoete Wedd, told Reuters.

The Malaysian index has lost 25 percent so far this year, with Thailand down 28 percent and Singa-

Interest-rate jitters drove down U.S. stock prices. Page 18.

pore down 16 percent, despite generally positive economic conditions and strong corporate earnings growth throughout the region.

"Based on market fundamentals, the only market that should be hit this badly is the Philippines," said Paul Schulte, with CS First Boston in Hong Kong, referring to the improvement in the price-to-earnings ratios of many Asian companies that have dropped.

"By now the potential rise in U.S. interest rates should be discounted," he said. "Current levels these markets, especially Hong Kong, are again looking reasonable."

Chinese Inflation Surges to 20%

The Associated Press

BEIJING — China said Monday that retail prices rose 20 percent in January and February from the similar period of 1993 in a serious worsening of the inflation that has plagued the country's two-year-old economic boom.

The official news media, which released the figure, did not give the urban inflation figure, which runs significantly higher than the national average. In December inflation ran at 14 percent for the country but at 23 percent in the cities.

Many foodstuffs in Beijing have doubled in price in the past few weeks. The government announced price-control measures last week on a range of basic consumer goods.

IMF and Moscow Hit Logjam on Loan

Compiled by Our Staff From Dispatches

MOSCOW — Russian officials and the International Monetary Fund failed to make progress Monday on a \$1.5 billion loan as Michel Camdessus, IMF managing director, lashed out at Moscow for excessive spending.

In an unusually candid address, Mr. Camdessus said the government must take "urgent action" to stop printing money to finance the budget and to wean enterprises from state funding, allowing them to close if necessary.

"The talks have gone nowhere due to the IMF's nonconstructive

attitude," Itar-Tass news agency quoted a Russian official as saying. The \$1.5 billion loan, the second installment of a \$3 billion fund package designed to speed the transition from communism to capitalism, is of symbolic importance to Russia. When it is cleared, Russia, which has already received \$2.5 billion from the IMF, may win a standby loan of \$4 billion.

"High inflation has seriously hurt the Russian economy and society, prevented the recovery of production and pushed back prospects for growth in living standards," Mr. Camdessus said in a speech at the Moscow Finance

Academy. "This corrosive process must be stopped."

Inflation reached about 950 percent in 1993.

The talks also focused on the proposed 1994 budget with Mr. Camdessus reportedly pushing Prime Minister Viktor S. Chernomyrdin for assurances that budget targets can be met. Last year, revenue fell below the estimates while spending exceeded budget figures.

Mr. Chernomyrdin postponed scheduled talks Monday with Mr. Camdessus and flew to the Black Sea resort of Sochi, where he met President Boris N. Yeltsin for con-

sultations on the stalled loan talks and other issues, Itar-Tass said.

Behind the immediate implications of the logjam on the loan, the talks were seen as a crucial measure of Moscow's ability to fulfill promises to continue economic reform and of the West's readiness to help foot the bill.

The government has already pledged billions in fresh subsidies to various farming and industry groups while at the same time promising to keep month-on-month inflation below 10 percent and reforms on track.

(AFP, Reuters)

Thinking Ahead / Commentary

Europe's Needs Outweigh U.K.'s Fears

By Reginald Dale
International Herald Tribune

WASHINGTON — As a Greater Europe begins to take shape, it is exploding a hoary fallacy — the belief that the longer the list of members, the looser the bonds of the European Union must be.

The real world is not so tidy, as John Major's battered Conservative government in Britain is discovering to its cost.

Britain has long aimed to hobble the drive to European integration by rounding up the maximum number of players. The hope was that the admission of North, Central and East European nations would once and for all remove the threat of a federal Europe to Britain's cherished national sovereignty.

Now, Austria, Sweden, Norway and Finland have completed negotiating their entry, and Britain has suddenly realized that the opposite could happen — that in a bigger grouping, each country's sovereignty is likely to count for less.

In an embarrassing and, one hopes, doomed rearguard action, Britain is trying to keep the weight it now has in blocking EU decisions if and when the Union is enlarged from 12 to 16 members.

This is only the beginning. Assuming Austria and the Scandinavian countries join the Union, next in line will be the six Central and East European nations led by Poland, Hungary and the Czech Republic.

With Malta and Cyprus, the three Baltic states and possibly Slovenia knocking on the door, the Union could more than double, to 27 or 28 states, in the not too distant future. How will Britain impose its will on the others then?

Logic and common sense both point in the opposite direction. The more members there are, the less rational it is to allow small groups

of countries, let alone individual governments, to block decisions.

As most of the other countries realize, a bigger Union will require more, not less, of the kind of centralized decision-making that is anathema to Britain.

Indeed, the Union can only benefit if Britain's negative attitudes can be more easily overruled. Britain seems to assume it will usually be in the minority, desperately seeking to restrain its more integrationist partners.

But Britain is not the only one that is alarmed. Spain is concerned that outnum-

bered Mediterranean countries will not be able to protect their agricultural interests and that there will not be enough money for the current poor member countries when even poorer countries in Central and Eastern Europe are admitted.

Greece has said the latest round of enlargement is an error — which is ironic, considering that most of the other members think it was a big mistake to admit Greece.

Spain and Greece are right to be afraid. The balance in the Union is about to swing irrevocably from the Latin and Mediterranean South toward the North and East.

That too will be good for the Union. With their protectionist, interventionist tendencies and their constant demands for cash, the Mediterranean countries also are often a bad influence.

The one country that is making no bones about this is Germany, which will be both the most powerful and the most central country of Greater Europe. Many of the new entrants will be Germany's natural clients and allies.

The frankness of German officials freely admit, in private, that they welcome the dilution of the spendthrift Latin influence and the addition of countries more likely to support German policies of free trade and economic discipline.

That in turn, they say, should make it easier for the Bundesbank to share some of its power in a future monetary union.

Much of this is potentially bad news for France, where British-style nationalism has also been on the rise. But France has decided to yield to the inevitable and make the best of a wider Europe.

Of course it will still be possible, even desirable, for smaller groups led by France and Germany to push ahead more quickly than the rest — toward monetary union, for example. But there can be no going back. Since last year's Copenhagen summit, the Twelve are committed to opening the door to virtually all of Central and Eastern Europe. And it is likely to be sooner rather than later.

It will be far more difficult than bringing in Austria and the Scandinavians. But fortunately it does not have to mean watering down the Union to suit British tastes.

The EU can only benefit if the British government's negative attitudes toward it can be more easily overruled.

altered. Spain is concerned that out-

Greece has said the latest round of enlargement is an error — which is ironic, considering that most of the other members think it was a big mistake to admit Greece.



"Let's do light, Mr. Edison."

There are times when necessity sparks great achievements. And in international investing, Bank Julius Baer has a long tradition of coming up with enlightened solutions to even the most complex problems.

With over 100 years of experience in private banking, we are at home in major global markets. Looking for an asset manager that can shed new

light on your international investment strategy? Put a Baer on your side too.

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BANK JULIUS BAER

THE FINE ART OF SWISS BANKING

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CURRENCY & INTEREST RATES											
Cross Rates						Eurocurrency Deposits					
	\$	DM	FF	Yen	Sw. Fr.		Dollar	D-Mark	Swiss	French	Yen
Australia	1.31	2.33	1.19	1.32	1.12	1 month	3 1/4%	3 1/4%	4 1/4%	5 1/4%	6 1/4%
Canada	1.31	2.33	1.19	1.32	1.12	3 months	3 1/4%	3 1/4%	4 1/4%	5 1/4%	6 1/4%
France	1.31	2.33	1.19	1.32	1.12	6 months	4 1/4%	4 1/4%	5 1/4%	6 1/4%	7 1/4%
Germany	1.31	2.33	1.19	1.32	1.12	1 year	4 1/4%	4 1/4%	5 1/4%	6 1/4%	7 1/4%
Italy	1.31	2.33	1.19	1.32	1.12						
Japan	1.31	2.33	1.19	1.32	1.12						
Netherlands	1.31	2.33	1.19	1.32	1.12						
Spain	1.31	2.33	1.19	1.32	1.12						
Sweden	1.31	2.33	1.19	1.32	1.12						
Switzerland	1.31	2.33	1.19	1.32	1.12						
UK	1.31	2.33	1.19	1.32	1.12						
US	1.31	2.33	1.19	1.32	1.12						
Other Dollar Values											
Australia	1.31	2.33	1.19	1.32	1.12						
Canada	1.31	2.33	1.19	1.32	1.12						
France	1.31	2.33	1.19	1.32	1.12						
Germany	1.31	2.33	1.19	1.32	1.12						
Italy	1.31	2.33	1.19	1.32	1.12						
Japan	1.31	2.33	1.19	1.32	1.12						
Netherlands	1.31	2.33	1.19	1.32	1.12						
Spain	1.31	2.33	1.19	1.32	1.12						
Sweden	1.31	2.33	1.19	1.32	1.12						
Switzerland	1.31	2.33	1.19	1.32	1.12						
UK	1.31	2.33	1.19	1.32	1.12						
US	1.31	2.33	1.19	1.32	1.12						
Forward Rates											
Australia	1.31	2.33	1.19	1.32	1.12						
Canada	1.31	2.33	1.19	1.32	1.12						
France	1.31	2.33	1.19	1.32	1.12						
Germany	1.31	2.33	1.19	1.32	1.12						
Italy	1.31	2.33	1.19	1.32	1.12						
Japan	1.31	2.33	1.19	1.32	1.12						
Netherlands	1.31	2.33	1.19	1.32	1.12						
Spain	1.31	2.33	1.19	1.32	1.12						
Sweden	1.31	2.33	1.19	1.32	1.12						
Switzerland	1.31	2.33	1.19	1.32	1.12						
UK	1.31	2.33	1.19	1.32	1.12						
US	1.31	2.33	1.19	1.32	1.12						

S./AT THE CLOS

ng \$1.4 Billion
WordPerfect

Dispatches — Novell Inc. and Microsoft Corp. in a stock swap worth \$1.4 billion, the largest in the world since the Novell stock closed down to \$10.

would acquire Microsoft International Corp. for approximately \$1.4 billion, Novell stock closed down to \$10.

million Xerox Contract

o Split Into 4 Units

e Back Off Bank Fee

Italy Makes a Start on Its Telecom Sales

Italy Makes a Start on Its Telecom Sales

Porsche Affirms Its Loss Forecast As Sales Rise

By Margaret Shapiro
Washington Post Service

MOSCOW — There are few things that a Russian takes as seriously as his vodka, and few Russians take it more seriously than Boris Smirnov.

The pudgy, bearded former KGB man is a descendant of one of the most famous vodka makers of all, Pyotr Smirnov, who until the 1917 Bolshevik Revolution produced spirits for Russia's czars. But today Heublein Inc., an American subsidiary of Grand Metropolitan PLC, claims the right to the Smirnov name, and its brand is selling briskly in Russia.

For Boris Smirnov, 35, this is nothing less than an affront to national pride — and his family name — and one that he is determined to rectify by producing his own "genuine Smirnov" vodka and demanding exclusive rights to the name in the Russian market.

The battle for Smirnov — or Smirnoff, the older transliteration of the name — is shaping up into a David-and-Goliath contest with a Russian twist. The underdog is a descendant who never left Russia, and he is seeking to cast the world's largest seller of vodka as the foreign villain.

"Vodka is something Russian," said Boris Smirnov in an interview at the crumbling building in Moscow where his family's company stood until the Bolsheviks nationalized it. "Pyotr Smirnov was Russian. We are not trying to manufacture Johnnie Walker Black Label here. We're not trying to make French champagne. We're trying to make something that belongs to us."

Heublein and its London-based parent company see things quite differently. By their account, Smirnov is not even a direct relative of Pyotr Smirnov, whose son fled Russia after the revolution, re-established the family business in Poland and then legally sold the name to the Russian émigré who in turn sold it to Heublein.

"He claims he's the authentic Smirnov, without any legal or material background," said Heublein's Moscow lawyer, Boris Me-

The two sides tried find a compromise. Contemplating the huge post-Cold War public-relations possibilities of rejoining Smirnov with Smirnov, Heublein offered Boris and other descendants he claimed to represent \$2.5 million and shares in a Russian-based Smirnov operation. Boris himself was to have a top job with a \$100,000 annual salary guaranteed for life.

Then something happened. Boris Smirnov said that as he was preparing to sign the final documents he found changes made without his approval and became convinced that Heublein had somehow "bought" his lawyer. And, he said, it just did not sit right with him to "sell out" to some foreigners.

"A Russian man's mentality doesn't allow him to just sell out his affairs like that," Heublein suggested that Boris balked because he had falsely claimed to represent many Smirnov descendants, and would produce their signatures, when he was really only representing himself.

Since then, litigation has not ceased. The original ruling denying Heublein the use of the name has been reversed. Other rulings have been overruled or rescinded, and both sides have insinuated that political and financial pressures have played a major role in this.

While Boris Smirnov has great plans for the future, right now the "genuine" product produced by his tiny company is almost impossible to find.

Heublein's Smirnoff, on the other hand, is on shelves everywhere, its bright red or blue labels asserting its claim as "successors to world-famous PIERRE SMIRNOFF, MOSCOW, RUSSIA, Purveyors to the Czars."

Russia's Vodka War Rages On Smirnov Fights Smirnoff to Claim National Heritage

By Margaret Shapiro
Washington Post Service

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Investor's Europe			
Frankfurt	London	Paris	
DAX	FTSE 100 Index	CAC 40	
220	220	220	
200	200	200	
180	180	180	
160	160	160	
140	140	140	
120	120	120	
100	100	100	
80	80	80	
60	60	60	
40	40	40	
20	20	20	
0	0	0	
1993	1993	1993	
1994	1994	1994	
1995	1995	1995	
1996	1996	1996	
1997	1997	1997	
1998	1998	1998	
1999	1999	1999	
2000	2000	2000	
2001	2001	2001	
2002	2002	2002	
2003	2003	2003	
2004	2004	2004	
2005	2005	2005	
2006	2006	2006	
2007	2007	2007	
2008	2008	2008	
2009	2009	2009	
2010	2010	2010	
2011	2011	2011	
2012	2012	2012	
2013	2013	2013	
2014	2014	2014	
2015	2015	2015	
2016	2016	2016	
2017	2017	2017	
2018	2018	2018	
2019	2019	2019	
2020	2020	2020	
2021	2021	2021	
2022	2022	2022	
2023	2023	2023	
2024	2024	2024	
2025	2025	2025	
2026	2026	2026	
2027	2027	2027	
2028	2028	2028	
2029	2029	2029	
2030	2030	2030	

Sources: Reuters, AFP
International Herald Tribune

Very briefly:

- Air France's sale of its stake in CSA, the Czech Republic's national airline, is being delayed by the French carrier's promise to guarantee 70 percent of European Bank for Reconstruction and Development's \$30 million investment in the Czech carrier.
- Bic SA, the French maker of pens, disposable lighters and razors, earned a net 396 million francs (\$69 million) in 1993, compared with 374 million in 1992, helped by a 3 percent increase in sales.
- Caisse des Dépôts & Consignations, the largest institutional investor in France, estimated its consolidated net profit rose 65 percent to 4.3 billion francs in 1993, aided by a 50 percent increase in profit from trading.
- France's Economy Ministry said it expected gross domestic product to grow by 1.4 percent in 1994 and 2.7 percent in 1995; it forecast inflation to be 1.6 percent in 1994 and 1.7 percent in 1995.
- Britain's seasonally adjusted merchandise trade deficit with countries outside the European Union narrowed to £672 million (\$1 billion) in February from £788 million in January.
- Beazer Homes PLC, which was spun off by Hanson PLC, said the public portion of its share offering was 1.3 times oversubscribed.
- Hungary posted a trade deficit of \$3.46 billion for 1993, compared with a \$324 million surplus in 1992.

Bloomberg, AFP, Reuters

Daimler Quiet on Succession

BONN — Representatives of Daimler-Benz AG were tightlipped Monday about reports that Jürgen Schrempp would succeed Edzard Reuter next year as management board chairman of Daimler, Germany's largest industrial group.

Mr. Schrempp currently is head of Daimler's aerospace subsidiary, Deutsche Aerospace AG.

Der Spiegel magazine said Mr. Reuter, 66, who plans to retire, had agreed to recommend Mr. Schrempp for the job.

A spokesman for Daimler said there would be no official decision on who would succeed Mr. Reuter until after the company's annual meeting May 18.

But neither Daimler nor Deutsche Aerospace denied that Mr. Schrempp had been informally chosen as the successor.

SMOKE: Companies Look East

Continued from Page 17

campaign asking whether people who had just thrown off Communism wanted to restrict their free speech again. "It isn't very hard to guess who financed that campaign," he said.

So vital is the investment of the tobacco companies that Eastern European countries either require no health warnings on cigarette packs, or have looser requirements than in the West.

"Where there is no legislation, I have never seen a tobacco company voluntarily put a health warning on its products," said Tapani Fija, the regional adviser for a tobacco-free Europe with the World Health Organization in Copenhagen.

Mr. Fija said that when the Czech Republic began requiring warnings, the manufacturers made them so small as to require a magnifying glass to read them. He said a packet of Danish cigarettes he bought in Czechoslovakia carried

TNT Resists Belgian Order

The Associated Press

BRUSSELS — Armed with a temporary court order, the Belgian government said Monday it would try to ban the U.S.-based TNT & Cartoon Network, but TNT's cable operator said it intended to continue distribution.

Turner Network Television has a 24-hour menu of U.S. cartoons and movie classics, which clashes with European Union legislation mandating a majority of EU-made programming in the 12 member states.

MINORCO

RESULTS FOR THE SIX MONTHS ENDED DECEMBER 31, 1993

STEADY PERFORMANCE DESPITE WEAK COMMODITY PRICES

Completion of the merger transaction to acquire interests in gold, base metals, industrial minerals and pulp, paper and packaging.

Earnings before extraordinary items decreased by 10% to US\$106 million while earnings after extraordinary items increased by 23% to US\$164 million.

Interim dividend maintained at 19 US cents per share.

Operating earnings, now representing the largest component of earnings, increased by 77% to US\$67 million compared with the previous half-year (restated to reflect merger transaction).

Investment disposals realised US\$450 million and Minorco invested US\$270 million in existing and new businesses.

Proposed change in year-end to December 31.

RESULTS		Half-year to December 31, 1993	Year to June 30, 1993
US\$ millions except per share amounts*		Restated	Restated
Sales		1,200.5	2,776.4
Operating earnings		66.6	139.8
Earnings before taxation		127.0	340.0
Earnings before extraordinary items		105.9	251.9
Earnings before taxation per share (\$)		0.56	1.51
Earnings before extraordinary items per share (\$)		0.47	1.12
Dividends declared per share (\$)		0.19	0.57

*Based for all periods on 225.3 million shares in issue.

INTERIM DIVIDEND

An interim dividend of 19 US cents per share has been declared for the year to June 30, 1994 payable to shareholders registered in the books of Minorco at the close of business on April 8, 1994. The interim report will be mailed to shareholders on or about March 24, 1994. Copies may be obtained from the UK transfer agent, Barclays Registrars, Bourne House, 34 Beckenham Road, Kent, BR3 4TU.

MINORCO

MINORCO SOCIETE ANONYME, LUXEMBOURG, MARCH 17, 1994

NYSE									
Monday's Closing									
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press									
(Continued)									
12 Month	High	Low	Stock	Div	Yld	PE	12 Month	High	Low
High <td>Low</td> <td>Stock</td> <td>Div</td> <td>Yld</td> <td>PE<td>12 Month</td><td>High</td><td>Low</td><td>Stock</td></td>	Low	Stock	Div	Yld	PE <td>12 Month</td> <td>High</td> <td>Low</td> <td>Stock</td>	12 Month	High	Low	Stock
120	110	100	90	80	70	60	50	40	30
200	180	160	140	120	100	80	60	40	20
300	280	260	240	220	200	180	160	140	120
400	380	360	340	320	300	280	260	240	220
500	480	460	440	420	400	380	360	340	320
600	580	560	540	520	500	480	460	440	420
700	680	660	640	620	600	580	560	540	520
800	780	760	740	720	700	680	660	640	620
900	880	860	840	820	800	780	760	740	720
1000	980	960	940	920	900	880	860	840	820
1100	1080	1060	1040	1020	1000	980	960	940	920
1200	1180	1160	1140	1120	1100	1080	1060	1040	1020
1300	1280	1260	1240	1220	1200	1180	1160	1140	1120
1400	1380	1360	1340	1320	1300	1280	1260	1240	1220
1500	1480	1460	1440	1420	1400	1380	1360	1340	1320
1600	1580	1560	1540	1520	1500	1480	1460	1440	1420
1700	1680	1660	1640	1620	1600	1580	1560	1540	1520
1800	1780	1760	1740	1720	1700	1680	1660	1640	1620
1900	1880	1860	1840	1820	1800	1780	1760	1740	1720
2000	1980	1960	1940	1920	1900	1880	1860	1840	1820
2100	2080	2060	2040	2020	2000	1980	1960	1940	1920
2200	2180	2160	2140	2120	2100	2080	2060	2040	2020
2300	2280	2260	2240	2220	2200	2180	2160	2140	2120
2400	2380	2360	2340	2320	2300	2280	2260	2240	2220
2500	2480	2460	2440	2420	2400	2380	2360	2340	2320
2600	2580	2560	2540	2520	2500	2480	2460	2440	2420
2700	2680	2660	2640	2620	2600	2580	2560	2540	2520
2800	2780	2760	2740	2720	2700	2680	2660	2640	2620
2900	2880	2860	2840	2820	2800	2780	2760	2740	2720
3000	2980	2960	2940	2920	2900	2880	2860	2840	2820
3100	3080	3060	3040	3020	3000	3080	3060	3040	3020
3200	3180	3160	3140	3120	3100	3180	3160	3140	3120
3300	3280	3260	3240	3220	3200	3280	3260	3240	3220
3400	3380	3360	3340	3320	3300	3380	3360	3340	3320
3500	3480	3460	3440	3420	3400	3480	3460	3440	3420
3600	3580	3560	3540	3520	3500	3580	3560	3540	3520
3700	3680	3660	3640	3620	3600	3680	3660	3640	3620
3800	3780	3760	3740	3720	3700	3780	3760	3740	3720
3900	3880	3860	3840	3820	3800	3880	3860	3840	3820
4000	3980	3960	3940	3920	3900	3980	3960	3940	3920
4100	4080	4060	4040	4020	4000	4080	4060	4040	4020
4200	4180	4160	4140	4120	4100	4180	4160	4140	4120
4300	4280	4260	4240	4220	4200	4280	4260	4240	4220
4400	4380	4360	4340	4320	4300	4380	4360	4340	4320
4500	4480	4460	4440	4420	4400	4480	4460	4440	4420
4600	4580	4560	4540	4520	4500	4580	4560	4540	4520
4700	4680	4660	4640	4620	4600	4680	4660	4640	4620
4800	4780	4760	4740	4720	4700	4780	4760	4740	4720
4900	4880	4860	4840	4820	4800	4880	4860	4840	4820
5000	4980	4960	4940	4920	4900	4980	4960	4940	4920
5100	5080	5060	5040	5020	5000	5080	5060	5040	5020
5200	5180	5160	5140	5120	5100	5180	5160	5140	5120
5300	5280	5260	5240	5220	5200	5280	5260	5240	5220
5400	5380	5360	5340	5320	5300	5380	5360	5340	5320
5500	5480	5460	5440	5420	5400	5480	5460	5440	5420
5600	5580	5560	5540	5520	5500	5580	5560	5540	5520
5700	5680	5660	5640	5620	5600	5680	5660	5640	5620
5800	5780	5760	5740	5720	5700	5780	5760	5740	5720
5900	5880	5860	5840	5820	5800	5880	5860	5840	5820
6000	5980	5960	5940	5920	5900	5980	5960	5940	5920
6100	6080	6060	6040	6020	6000	6080	6060	6040	6020
6200	6180	6160	6140	6120	6100	6180	6160	6140	6120
6300	6280	6260	6240	6220	6200	6280	6260	6240	6220
6400	6380	6360	6340	6320	6300	6380	6360	6340	6320
6500	6480	6460	6440	6420	6400	6480	6460	6440	6420
6600	6580	6560	6540	6520	6500	6580	6560	6540	6520
6700	6680	6660	6640	6620	6600	6680	6660	6640	6620
6800	6780	6760	6740	6720	6700	6780	6760	6740	6720
6900	6880	6860	6840	6820	6800	6880	6860	6840	6820
7000	6980	6960	6940	6920	6900	6980	6960	6940	6920
7100	7080	7060	7040	7020	7000	7080	7060	7040	7020
7200	7180	7160	7140	7120	7100	7180	7160	7140	7120
7300	7280	7260	7240	7220	7200	7280	7260	7240	7220
7400	7380	7360	7340	7320	7300	7380	7360	7340	7320
7500	7480	7460	7440	7420	7400	7480	7460	7440	7420
7600	7580	7560	7540	7520	7500	7580	7560	7540	7520
7700	7680	7660	7640	7620	7600	7680	7660	7640	7620
7800	7780	7760	7740	7720	7700	7780	7760	7740	7720
7900	7880	7860	7840	7820	7800	7880	7860	7840	7820
8000	7980	7960	7940	7920	7900	7980	7960	7940	7920
8100	8080	8060	8040	8020	8000	8080	8060	8040	8020
8200	8180	8160	8140	8120	8100	8180	8160	8140	8120
8300	8280	8260	8240	8220	8200	8280	8260	8240	8220
8400	8380	8360	8340	8320	8300	8380	8360	8340	8320
8500	8480	8460	8440	8420	8400	8480	8460	8440	8420
8600	8580	8560	8540	8520	8500	8580	8560	8540	8520
8700	8680	8660	8640	8620	8600	8680	8660	8640	8620
8800	8780	8760	8740	8720	8700	8780	8760	8740	8720
8900	8880	8860	8840	8820	8800	8880	8860	8840	8820
9000	8980	8960	8940	8920	8900	8980	8960	8940	8920
9100	9080	9060	9040	9020	9000	9080	9060	9040	9020
9200	9180	9160	9140	9120	9100	9180	9160	9140	9120
9300	9280	9260	9240	9220	9200	9280	9260	9240	9220
9400	9380	9360	9340	9320	9300	9380	9360	9340	9320
9500	9480	9460	9440	9420	9400	9480	9460	9440	9420
9600	9580	9560	9540	9520	9500	9580	9560	9540	9520
9700	9680	9660	9640	9620	9600	9680	9660	9640	9620
9800	9780	9760	9740	9720	9700	9780	9760	9740	9720
9900	9880	9860	9840	9820	9800	9880	9860	9840	9820
10000	9980	9960	9940	9920	9900	9980	9960	9940	9920

NASDAQ

Monday's Prices
NASDAQ prices as of 4 p.m. New York time.
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month	High	Low	Stock	Div	Yld	PE	180	High	Low	Stock	Div	Yld	PE	180
12	12	12	12	12	12	12	12	12	12	12	12	12	12	12

12 Month	High	Low	Stock	Div	Yld	PE	180	High	Low	Stock	Div	Yld	PE	180
12	12	12	12	12	12	12	12	12	12	12	12	12	12	12

12 Month	High	Low	Stock	Div	Yld	PE	180	High	Low	Stock	Div	Yld	PE	180
12	12	12	12	12	12	12	12	12	12	12	12	12	12	12

12 Month	High	Low	Stock	Div	Yld	PE	180	High	Low	Stock	Div	Yld	PE	180
12	12	12	12	12	12	12	12	12	12	12	12	12	12	12

12 Month	High	Low	Stock	Div	Yld	PE	180	High	Low	Stock	Div	Yld	PE	180
12	12	12	12	12	12	12	12	12	12	12	12	12	12	12

12 Month	High	Low	Stock	Div	Yld	PE	180	High	Low	Stock	Div	Yld	PE	180
12	12	12	12	12	12	12	12	12	12	12	12	12	12	12

AMEX

Monday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month	High	Low	Stock	Div	Yld	PE	180	High	Low	Stock	Div	Yld	PE	180
12	12	12	12	12	12	12	12	12	12	12	12	12	12	12

12 Month	High	Low	Stock	Div	Yld	PE	180	High	Low	Stock	Div	Yld	PE	180
12	12	12	12	12	12	12	12	12	12	12	12	12	12	12

12 Month	High	Low	Stock	Div	Yld	PE	180	High	Low	Stock	Div	Yld	PE	180
12	12	12	12	12	12	12	12	12	12	12	12	12	12	12

12 Month	High	Low	Stock	Div	Yld	PE	180	High	Low	Stock	Div	Yld	PE	180
12	12	12	12	12	12	12	12	12	12	12	12	12	12	12

12 Month	High	Low	Stock	Div	Yld	PE	180	High	Low	Stock	Div	Yld	PE	180
12	12	12	12	12	12	12	12	12	12	12	12	12	12	12

12 Month	High	Low	Stock	Div	Yld	PE	180	High	Low	Stock	Div	Yld	PE	180
12	12	12	12	12	12	12	12	12	12	12	12	12	12	12

EC Hu
TIC Pac
Add Mo
Hong Lo
Man's
Mass Oasis
Vanforce

مكازم التحصيل

NEC Hunts for a Cheaper Way of Doing Business

By Paul Blustein
Washington Post Service

TOKYO — Four smiling, bowing women in red uniforms greet visitors at a marble reception desk in the lobby of NEC Corp.'s ultramodern headquarters, the 43-story Super Tower, built in 1990 when Japan's economic power seemed boundless. In the so-called executive zone on the upper floors, visitors are ushered into meeting rooms furnished with gray leather couches and low tables, commanding a view of Tokyo harbor and the environs.

"That's Mount Fuji over there," said a company spokesman, gesturing at the famous volcano 60 miles (100 kilometers) away. "Well, actually, it's enveloped in clouds right now — sort of like the Japanese economy, I suppose."

The view from NEC's executive zone is cloudy indeed. The company anticipated that this year would bring an end to the recession that has cost it hundreds of millions of dollars in losses. But now, amid U.S.-Japanese trade tensions, its woes are

multiplying because of the surge in the value of the yen, which increases the prices of made-in-Japan products such as NEC's personal computers and telephone systems in relation to those produced in other countries.

The yen's rise "has had an incredible impact on the products we export, and it has smothered the government's attempts to rejuvenate the economy," said Yoshihiko Suzuki, an NEC senior vice president. "We have to make more products where labor is cheaper, especially Asian countries. But we have lifetime employment in Japan. So we face very difficult problems."

Already, the company has shifted production of relatively unsophisticated items such as color televisions to such low-wage countries as Thailand and Malaysia. NEC executives are considering overseas manufacturing of high-tech products, such as liquid crystal display screens, heretofore made only in Japan. Some of that work could go to the United States. But the task

is complicated by Japan's traditional abhorrence of layoffs and reluctance to cut relations with suppliers.

The troubles at NEC, Japan's eighth-largest manufacturing company, with more than \$30 billion in annual sales, mirror those of the nation's industry at large.

Japanese manufacturers still make things better than virtually anyone else. But the strong value of the yen has meant that many of them are either exporting at a loss or straining to remain competitive on international markets.

NEC is renowned for superb product quality and engineering. Its Kagoshima plant in southern Japan, for example, has dazzled the industry with its top-of-the-line color LCD screens used in computers and wall-hanging televisions.

Yet analysts warn that to improve competitiveness and fully regain its financial health, the company will have to go much further than it has in reducing its work force and switching its purchases of com-

ponents away from captive suppliers in high-cost Japan.

"NEC has to cut personnel, and it has to change its procurement system, from in-house to more open procurement," said Shigeru Yoshinaka, an analyst at Barclays de Zoete Wedd Securities (Japan) Ltd.

All in good time, retorted Mr. Suzuki, who oversees NEC's restructuring effort. The company, he said, has not announced a target for work force reduction as other Japanese companies have, because of its sensitivity to lifetime employment, but it is using cost-cutting methods similar to theirs. Recruiting, for example, has been reduced from a 1990 peak of 2,000 new employees a year to around 1,200.

Mr. Suzuki said NEC was shifting to cheaper suppliers of products such as computer "motherboards" in Taiwan, China and other low-cost countries.

NEC is better positioned than many Japanese companies to withstand the affliction of the strong yen. It has reduced the percentage of Japanese production that

it exports from about 35 percent in the mid-1980s to less than 20 percent last year.

NEC has built major plants to make computer chips in California, Scotland, Ireland and Singapore, expanding production significantly in recent months to counter competition from South Korea's Samsung Co. and other low-cost Asian chip producers. And NEC is in talks with a Chinese manufacturer about a plan to make computer workstations in Shanghai.

Perhaps the biggest impact of the high yen can be seen in the personal-computer business, which used to make a major contribution to NEC's bottom line but now provides a much smaller stream of profits.

The company gained control over more than half the Japanese PC market during the 1980s, using a proprietary technology, which prevented other companies' software from working on NEC machines. But during the 1990s Microsoft Corp.'s software proved a powerful system for NEC's rivals to rally around.

Investor's Asia			
Hong Kong	Singapore	Taipei	Nikkei 225
12000	2500	2000	2000
10000	2000	1500	1500
8000	1500	1000	1000
6000	1000	500	500
4000	500	0	0
2000	0	0	0
0	0	0	0
1993	1993	1993	1993
Exchange	Index	Index	Index
Hong Kong	Hong Kong	Hong Kong	Hong Kong
Singapore	Singapore	Singapore	Singapore
Taipei	Taipei	Taipei	Taipei
Nikkei 225	Nikkei 225	Nikkei 225	Nikkei 225
Source: Reuters, AFP			

CITIC Pacific Plans To Add More Assets

Compiled by Our Staff From Dispatches

HONG KONG — CITIC Pacific Ltd. said Monday it would expand its acquisition program that helped boost its net income by 82 percent in 1993.

The company, which has investments in the aviation, telecommunications, motor vehicle, financial services, power and real estate industries, said its net profit last year rose to 1.89 billion Hong Kong dollars (\$245 million), or 1.08 dollars a share, from 1.04 billion dollars, or 87.4 cents a share, in 1992.

CITIC Pacific is owned about 42 percent by Hong Kong Kong, the local arm of the state-controlled China International Trust & Investment Corp.

The company plans a final dividend of 28 cents a share, compared with 22 cents a year earlier, raising its payout for the year to 38 cents a share from 30.2 cents.

Sales rose 38 percent, to 11.54 billion dollars from 8.39 billion.

Much of the increase was due to the company's purchase of a 12 percent stake in Hong Kong Telecommunications Ltd., the territory's monopoly supplier of fixed-line phone services.

Chairman Larry Yung said the company expected an "excellent

year" in 1994, with increased earnings and dividends. "Your company has now become a diversified group with interests in various important sectors of Hong Kong and the mainland," he said. "This trend will continue and the company intends to seek further expansion opportunities with a view to increasing asset and earnings base."

He also indirectly expressed confidence that Hong Kong's controversial new airport, the cost of which China has criticized, would be completed. Mr. Yung noted that CITIC Pacific had purchased a 50 percent stake in the Discovery Bay housing development on Lantau Island this month. The airport is near Discovery Bay, and a container port also is expected to be built on Lantau.

"The acquisition will provide your company with a strategic foothold to participate in the future development of Lantau Island," Mr. Yung said.

CITIC has stakes in some of Hong Kong's key companies. It controls 12.5 percent of Cathay Pacific Airways, 46 percent of the regional airline Dragonair and 20 percent of Chase Manhattan Corp.'s Hong Kong-based credit card concern, Manhattan Card Co. (Bloomberg, Knight-Ridder, Reuters)

Hanoi — Market by '95? World Bank Aide Says Its Time Is Near

Bloomberg Business News

HANOI — Vietnam, a Communist state that only recently has been able to trade with the West, could have a securities market by next year, according to a World Bank representative.

"We believe it is possible to have a market with limited operations for debt instruments by September 1995," E. Gayle McGuigan of the Washington-based International Finance Corp. said.

The finance agency, part of the World Bank, received a mandate to help the State Bank of Vietnam, the country's central bank, create a securities market. International Finance Corp. has a portfolio of about \$10 billion and is the largest provider of financing to developing countries.

Immediate plans for Vietnam's exchanges are modest and the hurdles many. Mr. McGuigan said a securities market would at first provide a way of raising money through debt instruments such as negotiable certificates of deposit and eventually company bonds guaranteed by banks, with slowly lengthening maturities.

The finance agency estimated it would cost more than \$1 million to actually form a market, of which \$400,000 has been raised from a variety of aid organizations. The money will primarily be for training the professionals who will run the market.

"We have tried to provide documents that allow the Vietnamese to understand all the issues and complexities of establishing a securities market," Mr. McGuigan said. He said his agency would try to help Hanoi draft legislation that could be easily understood by traders and investors.

"First comes the development of a conceptual legal framework and the legal institutions such as the stock exchange itself," Mr. McGuigan said, "then educating the people in the basics of securities markets and training the professionals to run the system."

Once a stock market is developed, much of the investment capital could come from overseas. Analysts have said that as much as 30 percent of the country's equity may be available to foreigners.

There is already about \$164 million sitting in four investment funds, two of which are listed on the Irish Stock Exchange.

Vietnam, which has a population of 71 million, desperately needs funds to get its economy running. Most private companies are unable to borrow from the state-run banks, which lend mostly to the state-run companies.

Architects of the plan also hope creating a stock market will help reform the mostly unprofitable state enterprises.

"The securities market will be a catalyst for the privatization of many state-owned companies," Mr. McGuigan said. Enterprises such as Vietnam Air, Hanoi Tourism and Petro Vietnam will provide the core of companies needed for a market, he said.

Eventually International Finance Corp. hopes the general public also will get involved. Analysts estimate there may be considerable hidden wealth in the country, as only 10 percent of the population uses formal financial systems, according to Vietnam's Central Institute for Economic Management. The institute estimates that there may be \$2 billion available for investment.

Malaysia Says Japan Balks in Car Project

Agence France-Press

KUALA LUMPUR — Prime Minister Mahathir Mohamad asserted Monday that Mitsubishi Motors Corp. was too slow in transferring technology for Malaysia's national car and said he might turn elsewhere for help.

"They have this Japanese philosophy of doing things step by step and to us this is too slow," Mr. Mahathir said.

Perusahaan Otomobil Nasional Bhd., the nine-year-old venture that makes Malaysia's Proton car, is 17 percent owned by Mitsubishi Motors and Mitsubishi Corp.

Heavy Industries Corp. of Malaysia is the major shareholder in the publicly traded company.

Mr. Mahathir said Mitsubishi was reluctant to allow Malaysians to produce the engine and transmission parts by themselves and said Kuala Lumpur could turn to European, American and other Japanese companies if Mitsubishi continued to drag its feet.

The Proton commands 73 percent share of the passenger-car market in Malaysia. About 20 percent of the 150,000 Proton cars produced yearly are exported to Britain.

Very briefly:

- Australia could experience one of the strongest economic growth rates outside Asia this year, with annual expansion reaching 5 percent and leading to an interest-rate rise in late 1994, Westpac Banking Corp. said.
- Bank of China Group will issue Hong Kong dollar banknotes in May, more than three years before the colony's scheduled return to Chinese sovereignty, China News Service said, quoting Xu Wenchuan, assistant general manager of the bank's Hong Kong branch.
- Playmates Toys Holdings Ltd. said 1993 profit crept upward to 349.8 million Hong Kong dollars (\$45 million) from 348.5 million dollars in 1992. The maker of Teenage Mutant Ninja Turtle toys said 1992 profit had been restated to reflect the split of its real estate unit from its toy-manufacturing operations.
- China and Israel agreed to set up a \$13 million joint venture to repair aircraft, the China Daily said. The venture, Beijing TIRA Aircraft Components Services, is due to start operating in October, the official newspaper said.

Seeking Cash, TI Signs Taiwan Pact

Bloomberg Business News

TAIPEI — An alliance between Texas Instruments Inc. and the Taiwan government may help the U.S. semiconductor maker fund a \$400 million expansion at a joint-venture memory chip plant, an official with the venture said Monday.

Jerry Jenkins, chairman of Texas Instruments, signed a letter of intent in Taipei on Monday to form an alliance with the Ministry of Economic Affairs. The agreement may indirectly help Texas Instruments persuade the state-run Chiao Tung Bank to invest in the venture, called TI-Acer Inc., said R. T. Lo, a vice president of the venture.

"That's the indirect impact of the agreement," he said. TI-Acer, which is 58 percent owned by the Taiwan personal computer maker Acer Inc. and 26 percent by Texas Instruments, wants to finalize plans before July to raise funds for the expansion.

Hongkong Land Fails to Capitalize

Compiled by Our Staff From Dispatches

HONG KONG — Hongkong Land Holdings Ltd., which owns most of the colony's top office and retail buildings, reported Monday a slight increase in net profit for 1993 despite a local property boom.

Net profit for 1993 edged up to \$306.5 million from \$305 million a year earlier, with a \$21.2 million loss from its 25 percent stake in British-based Trafalgar House

PLC, denting earnings growth. Trafalgar, the construction, engineering, hotel and shipping company, took a large writedown against assets late last year.

Hongkong Land, the real estate arm of Jardine Matheson Holdings Ltd., also made a one-time profit of \$213.2 million on the sale of a new office tower in the central business district. Rental income actually fell slightly because of the sale of the building, edging down to \$385.1 million from \$390.2 in 1992, said Simon Keswick, the chairman of Hongkong Land.

But Mr. Keswick said he expected rental income to rise in 1994 because of increases on renewed leases and more expensive new leases. The company's property was 99.6 percent occupied at the end of 1993 and rents have been pushed up sharply because many businesses are positioning themselves in Hong Kong to establish links with China.

"The Hong Kong commercial property market remains strong,

and the group's rental income will begin to grow once again in 1994," Mr. Keswick said.

Analysts said they expected Hongkong Land's net profit would increase 18 percent in 1994 and 1995 as it takes advantage of the real estate boom.

(Bloomberg, Reuters, AFP)

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Herald Tribune

Dairy Farm Highlights 1993

A Year of Expansion

- Profit after taxation + 11%
- Earnings per ordinary share + 4%
- Dividends per ordinary share + 5%

After a further year of investment in Asia, Australasia and Europe, the Group, including associates, now has:

- Sales of US\$9.6 billion
- 2,440 retail outlets
- 80,000 employees

"With its extensive experience in discount food retailing, the Company is well placed to retain its leadership in the markets which it serves. In 1994, Dairy Farm's focus will be on the development of its existing businesses and the search for expansion opportunities into new markets, particularly in the Asia-Pacific Region."

Simon Keswick, Chairman
17th March 1994

1993 RESULTS		
	Year ended 31st December 1993	1992
	US\$m	US\$m
Turnover	4,979.6	4,738.7
Operating profit	162.3	155.3
Share of profit of associates	98.5	84.2
Other operating income	10.0	6.6
Profit before interest	270.8	246.1
Net interest expense	(18.5)	(26.3)
Profit before taxation	252.3	219.8
Taxation		
— Company and subsidiaries	(29.3)	(19.8)
— associates	(25.2)	(22.7)
Profit after taxation	197.8	177.8
Minority interests	(0.3)	0.1
Profit after taxation and minority interests	197.5	177.8
Extraordinary items	—	126.9
Profit attributable to Shareholders	197.5	304.7
Preference dividends	(8.7)	—
Profit attributable to ordinary Shareholders	188.8	304.7
Ordinary dividends	(95.5)	(89.2)
Retained profit for the year	93.3	215.5
Shareholders' funds	1,001.1	726.3
	USc	USc
Earnings per ordinary share	11.28	10.81
Dividends per ordinary share	5.65	5.38

Dairy Farm International Holdings Limited
Incorporated in Bermuda with limited liability

A member of the Jardine Matheson Group

The final dividend of US\$4.10 per ordinary share will be payable on 8th June 1994, subject to approval at the Annual General Meeting to be held on 31st May 1994, to ordinary Shareholders at the close of business on 8th April 1994, and will be available in cash or by a scrip alternative. The ordinary share registers will be closed from 11th to 15th April 1994 inclusive. The ordinary dividend will be available in United States Dollars, Australian Dollars, Hong Kong Dollars and Sterling. Ordinary Shareholders on the Jersey branch register will receive United States Dollars while ordinary Shareholders on the Hong Kong branch register will receive Hong Kong Dollars, unless they elect for one of the alternative currencies by notifying the Company's registrars or transfer agents by 20th May 1994. Ordinary Shareholders whose shares are held through the Central Depository System in Singapore ("CDP") will receive Hong Kong Dollars, unless they elect through CDP to receive United States Dollars.

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SPORTS

Grand Jury Indicts 3
In Attack on Kerrigan

Compiled by Our Staff From Dispatches
PORTLAND, Oregon — The three men who have admitted carrying out the attack on the figure skater Nancy Kerrigan were indicted Monday on racketeering and other charges by a grand jury that has been investigating the case for more than two months.

The indictment contends that Tonya Harding and her former husband, Jeff Gillooly, who have pleaded guilty in plea bargains, also were involved in the plot to injure Kerrigan and knock her out of the U.S. figure skating championships in January.

Shawn Eckardt, 26, Harding's former bodyguard, and Eckardt's associates Shane Stant, 22, and Derrick Smith, 29, were indicted on Oregon state charges including racketeering, assault and conspiracy to commit assault.

Eckardt faced additional charges of conspiracy to hinder prosecution and hindering prosecution. Smith also was charged with conspiracy to hinder prosecution.

One of the charges stems from at least one secretly taped meeting involving those who participated in the conspiracy.

Norm Frink, Multnomah County chief deputy district attorney, indicated that the three may be able to reach a plea agreement to avoid a trial.

"The defense and the state will be talking and we'll proceed from there," he said.

Among the charges in the indictment is that Harding and Gillooly, who cannot face further prosecution because of their plea bargains, agreed with the three defendants on Dec. 28 "to unlawfully, intentionally and knowingly cause physical injury to Nancy Kerrigan."

Harding pleaded guilty last week to conspiracy to hinder prosecution. Gillooly pleaded guilty Feb. 1 to one count of racketeering.

Harding was placed on three years' probation, resigned from the U.S. Figure Skating Association, was fined \$100,000, will contribute \$50,000 to the Special Olympics and agreed to pay \$10,000 in prosecution costs. Gillooly is to be sentenced April 1.

The indictment issued Monday outlines 61 incidents, mainly phone calls among the defendants, that allegedly constitute "a pattern of racketeering activity."

Eckardt and Smith were arrested Jan. 13. Stant surrendered to authorities in Arizona the following day. All three initially were charged with conspiracy to commit assault and were free on bail pending the indictment.

Eckardt, a friend of Gillooly's since childhood, has admitted helping to plan the attack and contacting Smith to carry it out.

Stant is Smith's nephew and shares his uncle's interest in paramilitary activity. Stant went to Massachusetts to carry out the attack, but when that plan fell through he followed Kerrigan to Detroit, where she was preparing for the national championships.

On Jan. 6, Stant struck Kerrigan above the right knee with a metal police baton, then escaped the scene by bursting his head through the Plexiglas window of a locked door. With Kerrigan out of the competition because of injury, Harding won the U.S. championship.

Smith was the intermediary who funneled money from Gillooly and Eckardt to Stant and drove the getaway car.

Kerrigan recovered from the injury and went on to win the silver medal in the Winter Olympics last month in Lillehammer, Norway. Harding finished eighth.

(A.P. Reuters)

Harding in Paris Event?
Harding may make her debut on the professional skating circuit at the world championships in Paris in May, according to the event's organizer, Agence France-Presse reported on Monday.

The event official, Philippe Angel, said that Harding's agent had contacted him to discuss her participation in the championships May 17-18. Angel said he would consider the matter.

Chisox Demote Jordan to Minors
SARASOTA, Florida (AP) — Michael Jordan was reassigned to the Chicago White Sox minor-league camp on Monday and was expected to start in right field for Class A Prince William.

But Jordan was not assigned to the Class A team; he will work out with the Double A Birmingham team. The White Sox general manager, Ron Schuler, said Jordan could play for Triple A Nashville on Wednesday, and may switch each day. Jordan, 31, the three-time National Basketball Association MVP, was 3-for-20 in 13 spring games with four walks, two RBIs and a sacrifice fly.

"I've always truly loved the game of baseball," Jordan said of the demotion. "I guess in basketball, I had certain expectations that I had to live up to. In baseball, I didn't know what expectations to set for myself except to enjoy the game."

Ex-Bordeaux Owner Gets Jail Term
BORDEAUX (AP) — Claude Bez, former owner of the Bordeaux soccer team, was sentenced Monday to one year in jail and fined 2 million francs (\$400,000) for fraud.

Bez, whose team dominated the French league for much of the 1980s, also was ordered to pay 2.5 million francs in damages and interest to the governing council of Girondins, the district surrounding Bordeaux. Bez was accused of fraudulently overbidding local authorities by more than 10 million francs for the 1987 renovation of facilities at his team's training center outside Bordeaux. Defense lawyers indicated they had not yet decided whether to appeal.

For the Record
Michael Bentt, who suffered brain injuries in a heavyweight title fight on Saturday, was released from a London hospital Monday and an associate said he was "feeling fine."

Martin Brundle of Britain was confirmed on Monday as the McLaren Formula One teammate to Finland's Mika Hakkinen for the Brazilian Grand Prix in São Paulo on Sunday. Brundle, 34, was added to the team along with Philippe Alliot of France.

Loren Roberts, capitalizing on faltering stretch runs by Fuzzy Zoeller and Vijay Singh, shot a 5-under-par 67 to win the Nestle Invitational, his first victory on the U.S. PGA Tour, by a stroke with a 13-under 275 total in Orlando, Florida, on Sunday.

The left-hander Frank Tanana, 40, was released Sunday by the California Angels, the same major-league baseball team with which he started 20 years ago as a rookie.



ONE MORE FOR THE GREAT ONE — Los Angeles's triumphant Wayne Gretzky, who tied one of hockey's mightiest records, scoring twice in a 6-4 tie with San Jose to equal Gordie Howe's National Hockey League mark of 801 career goals. Gretzky is to play again Wednesday.

New Unrest Feared
As Vandals Protest
Berlin Soccer Game

BERLIN — Berlin soccer officials, whose headquarters were attacked on Monday, said they feared that a battle between hooligans from four European countries could mar a controversial Germany-England friendly match next month.

Militant opponents of the match, which is to be held on April 20, the anniversary of Hitler's birthday, smashed windows and threw stink bombs into the Berlin soccer federation's office during the night.

The federation's chief, Reiner Gentz, said the attack had probably come from leftist groups campaigning against the match. But he said he feared a battle between hooligans from England, Germany, France and the Netherlands at the game.

"The damage is in thousands of marks," he said. "We have to assume that the attack came from left-wing groups but the police are looking into it."

"Security officials have indicated to us that hooligans from around Europe — England, France and the Dutch — are planning to meet in Berlin and take on the right-wing extremists around the game," he added.

The match was originally moved to Berlin from Hamburg because of fears of clashes between rightist and leftist extremists.

But the choice of Berlin's Olympic stadium, the venue of the 1936 Olympic Games, which were used by Hitler as a showcase for his Nazi theories, was controversial and has been opposed by leftist groups.

A slogan painted on a wall at the stadium, which is known by the initials DFB, read: "No game on April 20. We are against the DFB and Nazis."

Gentz said leftist groups planned a demonstration against the match in Berlin on April 9.

But he said there was no question of the game being cancelled or the date being changed.

"We are going on with it. We are planning the necessary security measures," he said. "Switching the date would not change anything and would be a climb down for democracy. The right-wingers would come anyway."

Federation officials were not available for comment but have said in the past that they were determined that the match go ahead as part of the world champions' preparations for the World Cup this summer in the United States.

Berlin's militant leftist groups are well-organized and mounted an aggressive campaign against the city's recent failed bid for the 2000 Olympics. They say the friendly match would provide a platform for fascism.

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE			
Team	W	L	Pct.
New York Knicks	45	19	.703
Orlando Magic	39	25	.609
Atlanta Hawks	37	27	.576
New Jersey Nets	31	33	.485
Boston Celtics	22	42	.344
Philadelphia 76ers	21	43	.328
Washington Wizards	19	45	.297

WESTERN CONFERENCE

WESTERN CONFERENCE			
Team	W	L	Pct.
Los Angeles Lakers	45	19	.703
San Antonio Spurs	39	25	.609
Utah Jazz	37	27	.576
Denver Nuggets	31	33	.485
Minnesota Timberwolves	22	42	.344
Dallas Mavericks	21	43	.328
Seattle SuperSonics	19	45	.297

HOCKEY

NHL Standings

EASTERN CONFERENCE			
Team	W	L	Pct.
New York Rangers	42	22	.656
Philadelphia Flyers	41	23	.641
Florida Panthers	31	33	.485
Philadelphia Flyers	31	33	.485
Philadelphia Flyers	31	33	.485

WESTERN CONFERENCE

WESTERN CONFERENCE			
Team	W	L	Pct.
Los Angeles Kings	42	22	.656
San Jose Sharks	41	23	.641
Edmonton Oilers	31	33	.485
Edmonton Oilers	31	33	.485
Edmonton Oilers	31	33	.485

BASEBALL

MLB Standings

AMERICAN LEAGUE			
Team	W	L	Pct.
Toronto Blue Jays	45	19	.703
Los Angeles Angels	39	25	.609
Seattle Mariners	37	27	.576
New York Yankees	31	33	.485
Baltimore Orioles	22	42	.344
Chicago White Sox	21	43	.328
Minnesota Twins	19	45	.297

NATIONAL LEAGUE

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Team	W	L	Pct.
San Francisco Giants	45	19	.703
Los Angeles Dodgers	39	25	.609
St. Louis Cardinals	37	27	.576
New York Mets	31	33	.485
Atlanta Braves	22	42	.344
Philadelphia Phillies	21	43	.328
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BASEBALL

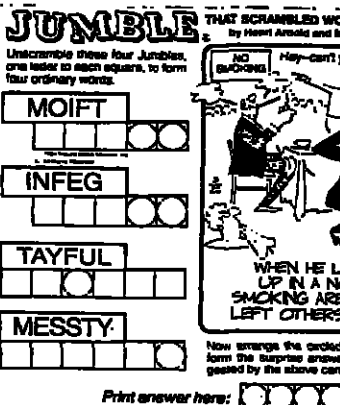
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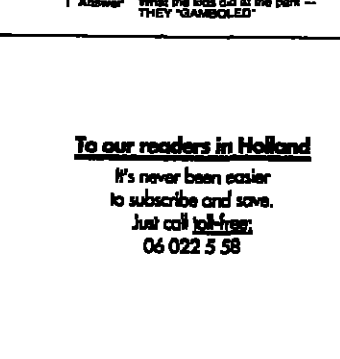
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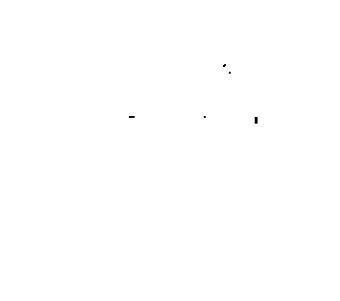
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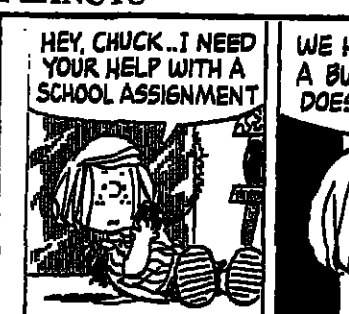
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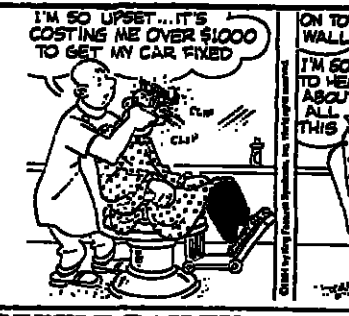
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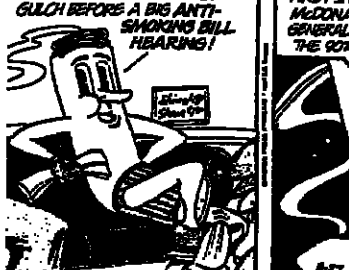
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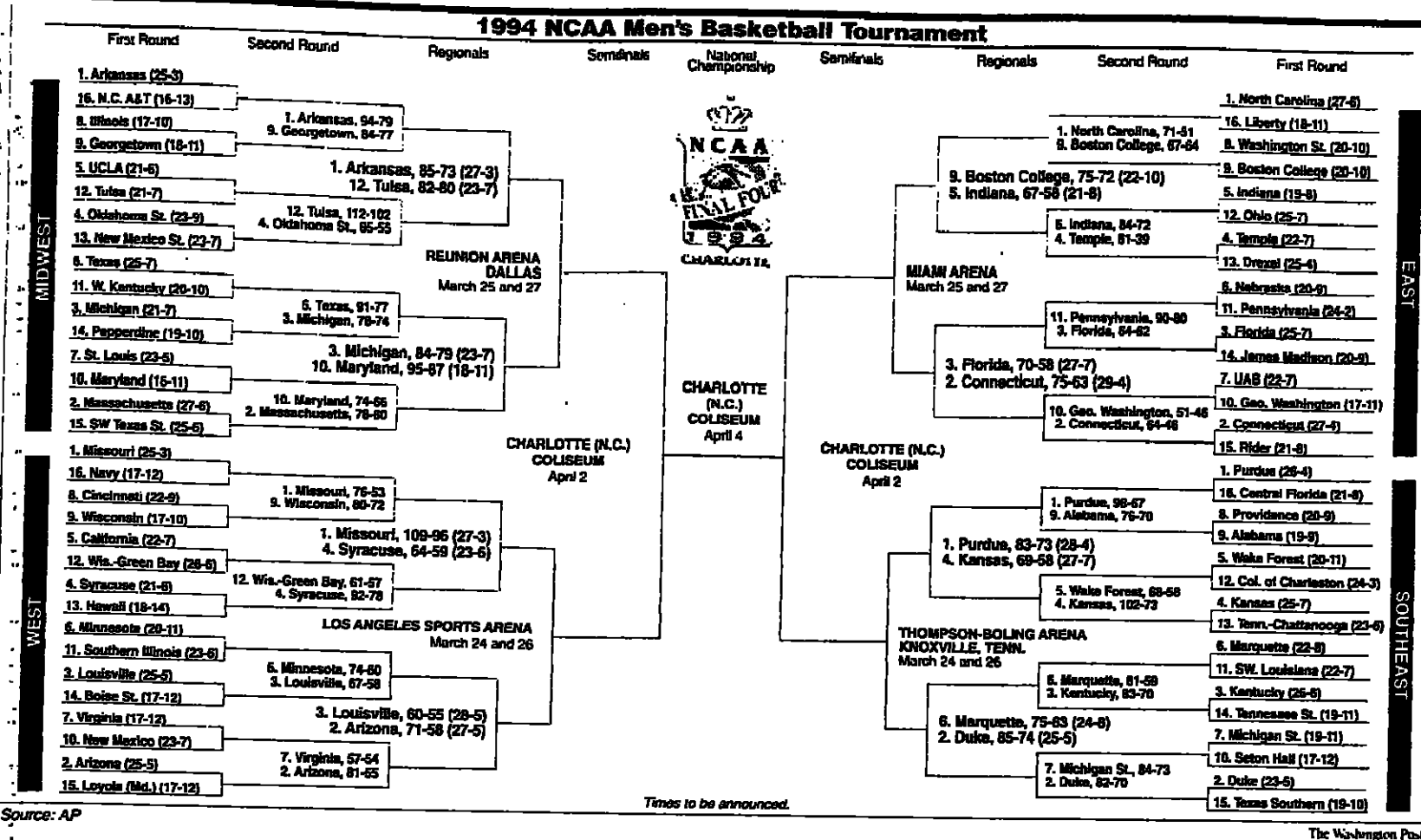
DOONESBURY



CALVIN AND HOBBES

SPORTS

Arkansas Rallies Past Georgetown, Duke Stops Michigan St.



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